

GREAT

GOVERNANCE REGIONAL INTEGRATION ECONOMICS AGRICULTURE TRADE

insights



Regional integration dynamics in Africa

In this issue:

Discussing the role of finance, institutional relations, infrastructure, civil society and more in regional integration

Including contributions from UNECA, ECOWAS, World Bank, CUTS International

About *GREAT Insights*

Governance, Regional integration, Economics, Agriculture and Trade (GREAT) Insights is ECDPM's magazine covering a wide range of topics related to economic development in Africa and the developing world. *GREAT Insights* gathers expert analysis and commentary from a wide variety of stakeholders with different perspectives.

GREAT Insights is published by ECDPM

Editor:

Sanoussi Bilal
sb@ecdpm.org
Twitter: @SanBilal1

Executive editor:

Pamela O'Hanlon
poh@ecdpm.org

Web editors:

Jacques van Laar and
Jacquie Dias

Design, layout and

production: Claudia Backes,
cba@ecdpm.org

HEAD OFFICE

Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands
Tel +31 (0)43 350 29 00
Fax +31 (0)43 350 29 02

BRUSSELS OFFICE

Rue Archimède 5
1000 Brussels
Belgium
Tel +32 (0)2 237 43 10
Fax +32 (0)2 237 43 19

ISSN: 2215-0593 (print)
2213-0063 (online)
For further information
or to subscribe to our
E-newsletters, visit
www.ecdpm.org/subscribe.
To order a hard copy of an
ECDPM publication,
info@ecdpm.org

This publication benefits
from structural support
by ECDPM's institutional
partners The Netherlands,
Belgium, Finland, Ireland,
Luxembourg, Portugal,
Sweden, Switzerland, Austria
and Denmark.

Copyright:

Prior permission is not required
for quoting, translating or
reproducing part of the
contents of this publication
provided the source is fully
acknowledged.



Contents

Dynamics

- 4 Regional integration journey in Africa**
Stephen Karingi, Director, Regional Integration and Trade Division, UNECA
- 7 Make regional integration in Africa work... better**
Jan Vanheukelom, Senior Adviser, and Bruce Byiers, Senior Policy Officer, ECDPM
- 10 Cautious optimism for regional integration in sub-Saharan Africa**
Paul Brenton, Lead Economist, and Barak Hoffman, Public Sector Specialist, World Bank
- 13 The diversity of African regionalisms**
Daniel Bach, Director of Research Emeritus, Emile Durkheim Centre; Professor, Sciences Po Bordeaux

External support

- 16 Why aiding regional integration in Africa does not work**
Fredrik Söderbaum, Professor, School of Global Studies, University of Gothenburg
- 18 The EU's new approach to funding regional cooperation**
Alisa Herrero and Cecilia Gregersen, Policy Officers, ECDPM

Actors

- 21 New AU-RECs relationship needed for integration**
Raheemat Momodu, Head, ECOWAS Liaison Office, AU
- 24 Civil society role in SADC integration: a missed opportunity**
Chenai Mukumba, Centre Coordinator, and Muntanga Musiwa, Assistant Programme Officer, CUTS International

Coverphoto:

World Bank Managing Director and COO Sri Mulyani Indrawati meets with two Rwandese and two Congolese women to listen to the challenges the small scale women cross border traders are facing. Rwanda. Photo: Simone D. McCourtie / World Bank

- 26 Indigenous business for regional dynamics in Africa**
Okechukwu C. Iheduru, Professor, School of Politics and Global Studies, Arizona State University
- 30 A collaborative platform promoting regional integration**
Marianne Camerer, Building Bridges Programme Director, University of Cape Town

Sectors

- 32 Promoting business 'un'usual for food security**
Sean Woolfrey, Policy Officer, ECDPM
- 35 Railway rivalry in the East African Community**
Brian Cooksey, Independent Researcher

Regulars

- 3** Editorial
- 38** Talking Points Blog highlights
- 39** Weekly Compass highlights
- 40** Latest ECDPM publications

Editorial

Regional integration holds many promises, generates many fears, and results in many disappointments. This is because levels of ambitions often differ among regional partners and among domestic actors, and do not match implementation realities. Progress and achievements are often overlooked, whereas difficulties and constraints encountered are emphasised. And integration agendas are commonly criticised for not sufficiently reflecting domestic concerns and interests.

The Brexit debate, with the recent decision by the majority of the British voters to leave the European Union, and the echoes and reactions it generated in Europe and beyond, is a reminder of the tensions and passions that regional integration can generate. Among others, it demonstrates once more the importance of political leadership and vision, at regional and domestic levels; the need to connect with and involve the people in regional integration destinies; the role of information, explanation, transparency and managing realistic expectations; the emotional dimension related to national and regional debates; and the need to involve young people in building a regional future.

All these dimensions are traditionally overlooked when dealing with regional integration, where the focus is generally on institutional settings, policy design and technical capacities. To remedy such a short-sighted approach, it is thus necessary to pay greater attention to the various dynamics that shape and affect regional integration. This is an endeavour that ECDPM is committed to, including with this issue of *GREAT Insights*, which brings together a number of insights and perspectives on some of these characteristics and dimensions that shape various regional integration initiatives in Africa.

Regional integration plays an important role in Africa's political rhetoric and vision, and has contributed to shape Africa's political, economic and institutional landscape. They involve numerous formalised regional cooperation and integration processes at the sub-regional, regional, and continental levels. Regional organisations in Africa have taken on central roles and fulfil multiple functions in promoting regional cooperation and regional integration. This has led to the articulation of broad and ambitious integration agendas. Yet, implementation of these agendas has often been slow and hampered by many obstacles, leading to what is commonly referred to as an 'implementation gap'.

Regional institutions in Africa do matter. They serve an important role of political legitimacy, as a channel for exchanges among leaders in a region. However, they do not necessarily serve the purpose or function they claim to serve. This is commonly attributed to the weakness of some institutions, which, it is assumed, can then be directly remedied with appropriate capacity building. This explanation ignores underlying dynamics that are often more complex. Reforms aimed at improving the effectiveness of regional organisations should thus focus on the core functions such organisations are attempting to perform, with a greater chance of demand for improved functions through problem solving and the likely coalition building this requires or involves.

A critical role is played by big and powerful countries, which are in a strong position to influence regional agendas and their implementation, contributing to driving it or blocking it, depending on their national interests and positions towards

their regional partners. Charismatic regional leaders, at the head of their country or of the regional organisations, can also exercise strong influence. However, in spite of political legitimacy and consensus building, even with the formal support of strong regional actors, collective decisions taken at the regional level do not necessarily imply in practice a commitment by all partners to act upon and implement such decisions: member states can face incentives to signal their support for regional integration (based on longer term vision) even when implementation is not a domestic priority (at least in the short term). Ultimately, implementation at domestic level largely depends on national interests and priorities, as defined by domestic ruling elites, which may diverge from national positions taken at regional levels and resulting regional decisions. Although a regional agenda is largely aspirational, it can also be driven by more immediate and pragmatic concerns and interests by member states' interests. These differences also explain the different implementation dynamics experienced in different sectors and policy areas. Non-state actors, such as private sector and civil society organisations, do play some role in regional dynamics, but their impact on regional organisations often remains limited. Their interests and engagements tend to coalesce around relatively narrow and specific agendas, which tend to be still mainly expressed through domestic channels.

Underlying all of these dynamics, long-run structural factors (e.g. geography, history, economic structures) continue to impact on how countries react within a region, while in the short-term, critical junctures can very quickly alter incentives and offer opportunities (or challenges) for taking regional cooperation forward.

Finally, support from donors can help stimulate cooperation and integration processes, though it can often detract from member state ownership, thereby risking effective implementation in the long run. Beyond the significant quantity of aid, it is the quality of aid that really matters. Yet, donors, as external actors, do not operate outside the political economy dynamics of regional integration, but are an integral and often important part of it.

This issue of *GREAT Insights* presents various perspectives along these dimensions, which we hope you will enjoy. As always, your comments and reactions are most welcomed.



Dr San Bilal (Editor), Head of Economic Transformation and Trade Programme, ECDPM

Follow San on Twitter: @SanBilal1

Regional integration journey in Africa

by Stephen N. Karingi

There is enough evidence on the ground to support Africa's sustained efforts in implementing its regional integration agenda. The Africa Regional Integration Index is an action tool measuring such progress. Yet, member states and the RECs need to do more in order to accelerate the process.

The why and the journey so far

Economic cooperation and regional integration in Africa has been a dream of the continent's leaders since the early 1960s. The aspirations are manifested in key regional strategic vision documents, including the newly adopted African Union Agenda 2063 – *The Africa We Want*. Many have viewed integration as a tool for promoting economic growth and sustainable development and improving the living standards of the African people. Despite being featured in many

African development initiatives over the years, integration processes at the level of regional economic communities (RECs), the building blocks of the continental integration, have registered uneven progress. Yes, the continent has seen progress in various sectors, however, the scale of Africa's practical achievements on integration have not matched that of its rhetoric or ideological commitment.

There is no longer a debate on the imperative of regional integration in the continent. Africa needs to integrate in order to create larger, more viable internal economic spaces to permit efficient functioning of markets. Economic history clearly demonstrates that regional integration is a necessity for political stability and sustainable economic development. In terms of the political and security dimension, regional integration has been beneficial



A bustling centre of business and trade; Ethiopia's capital Addis Ababa is also home to the African Union's headquarters.
Photo: Simon Davis/DFID, flickr.com

as it has contributed to the reduction of armed and non-armed conflicts as well as the maintenance of regional stability in various regions across the world. The significant reduction in *coup d'états* in Africa can be attributed partly to the African Union's (AU) zero tolerance of unconstitutional changes in government. Economically, bigger markets permit better exploitation of economies of scale, while factor mobility across borders and the harmonisation of monetary and fiscal policies facilitate faster economic growth and greater welfare for participating countries.

There is enough evidence on the ground to support Africa's sustained efforts in implementing its regional integration agenda. It is in this context that African Union Heads of State and Government continue to pursue regional integration as an overarching continental development strategy. In 1991 they signed the Treaty establishing the African Economic Community (AEC), which provides the guiding principles, the goals, as well as a region-wide framework on the integration agenda. The vision at the continental level is to achieve an African Economic Community as the last of six successive stages of integration. Consolidation at the regional level is established first through creating and strengthening the regional economic communities, followed by evolvments into free trade agreements (FTAs), customs unions, regional currency unions and full economic communities, and through horizontal co-ordination and harmonisation, eventually to culminate in a common market and economic union embracing the entire continent. Other initiatives include: the formation of the Organization of African Unity (OAU) in 1963; the launch in 2000 of the AU programme, the New Partnership for Africa's Development (NEPAD); and the adoption of the African Union Constitutive Act in 2001.

Delving into regional integration initiatives

Cognisant that the pace of implementation of the regional integration agenda has not always matched the high ambitions, the African leaders have taken some important decisions along the way. These include: the AU decision in 2006

on rationalisation of the RECs, which put a moratorium on the recognition of new RECs. This was to address the challenges arising from multiple memberships in the RECs. The main objective behind this decision is to strengthen coordination and harmonisation of RECs' policies among themselves with a view to accelerating Africa's integration process. Another important initiative was the launching of the Minimum Integration Programme (MIP), which is composed of a set of activities, projects and programmes which the RECs have selected in order to accelerate and bring to completion the regional and continental integration process. The MIP key priority areas included: trade and market integration, free movement of persons, and infrastructural development. Building on the need to optimise the regional integration benefits, in January 2012 the African Union made a landmark decision to fast-track the establishment of a Continental Free Trade Area (CFTA) by an indicative date of 2017, and to implement a comprehensive action plan for Boosting Intra-African Trade (BIAT).

Given the foregoing, monitoring progress of regional integration at all levels remains a challenge. In this respect, the United Nations Economic Commission for Africa (UNECA), the AU Commission (AUC) and the African Development Bank (AfDB), jointly agreed to develop a regional integration index as a measuring tool. The index of African regional integration is an indispensable reference for African governments, enabling them to see how much progress they are making towards realising the agreed vision of an integrated Africa, and in which areas of the integration agenda they might be lagging behind. It is fair to say that Africa's integration journey towards a more connected, competitive and business-friendly continent is well underway although its roadmap is, in some areas, under construction. The Africa Regional Integration Index is an action tool measuring the progress of an Africa on the move.

Achievements of African integration efforts so far

Undoubtedly, much progress has been achieved by the continent in a number

of areas, although the level of integration is not even among all regions. It's a well-known fact that some RECs have integrated more than others. For instance, free movement of people is a reality in the Economic Community of West African States (ECOWAS) with the operational ECOWAS passport that allows intra-regional travel of over 340 million member states' citizens for periods of a maximum of 90 days. Under Free Movement of People and Persons, Rwanda issues visas on arrival to all African citizens at the airport; East African Community (EAC) countries not only grant three months visa for citizens holding only their national passports, but identity cards are also recognised as valid travel documents. Furthermore, under the right of establishment, Rwanda and Kenya have waived work permits for EAC citizens. In the Common Market for Eastern and Southern Africa (COMESA), Zambia waives visas and visa fees for all COMESA nationals on official business. All holders of diplomatic passports are exempted from visas in the Community of Sahel-Saharan States (CEN-SAD).

Infrastructure is likewise progressively connecting African states. Admittedly though, slow pace in the implementation of infrastructure agreements in the areas of transport, energy and information and technology infrastructure makes the journey towards regional integration long and difficult. It is however agreed that governments need to pool their efforts together to achieve the huge investments needed to develop, upgrade and maintain its infrastructure.

Financial and macroeconomic integration is also high on the agenda of the RECs. The West African Economic and Monetary Union (WAEMU/UEMOA) has eight countries using the CFA franc, pegged to the euro. There is also the Economic and Monetary Community of Central Africa (CEMAC) with an additional six countries using the CFA franc. This subset of countries within ECOWAS and the Economic Community of Central African States (ECCAS) respectively, are catalysing macroeconomic convergence in the two sub-regions. In the Southern African Development Community (SADC), Lesotho, Namibia and Swaziland currencies are pegged at par to the

South African Rand, which effectively means that they share the same monetary policy. In regards to trade and market integration, the world's oldest customs union, Southern African Customs Union (SACU), with its five member states is still standing strong. COMESA launched its Customs Union in June 2009 and the East African Community launched its Common Market in 2010. ECOWAS has made progress in building its FTAs, while SADC, EAC and COMESA recently launched their tripartite FTA. Yet, negotiations for the Continental Free Trade Agreement - arguably the greatest regional integration initiative of its kind in the continent as it aims to cover more than a billion people with a continental GDP of over US\$3 trillion – are still ongoing. Moreover, successful implementation of the CFTA will enable members realise their potential to expand and accelerate the dynamism of intra-African trade, including the declared objective of increasing trade by 50% among African countries by 2022.

There is no doubt that African countries commonly trade more with partners outside the continent than with their immediate neighbours. This is even the case for landlocked countries. Although not to the expected levels, progress has been made in trade among various RECs as a result of strong harmonisation of policies among member states. Not everybody agrees that intra-Africa trade is that low though. It is agreed that a big chunk of the continent's trade is conducted informally and at times across porous borders that are often poorly monitored or informal trade statistics are simply not included in the official flows recorded by customs officials. With the adoption of a decision on the CFTA, it is expected that the continent will boost intra-African trade further. The CFTA will help in the creation of a single continental market for goods and services, with free movement of business people and investments and bring closer the Continental Customs Union and the African Common Market. UNECA calculates that the CFTA could increase intra-African trade by as much as US\$35 billion per year, or 52% above the baseline, by 2022.

Overall, the CFTA and the integration efforts foreseen in the Action Plan for Boosting Intra-African Trade in Africa, are expected to lead to a boost in the industrialisation objective of the continent, especially through creation of regional value chains in agro-processing and value addition to mineral exports. Transforming the mineral export volume by just 5% before exporting them can create five million jobs a year. Recent UNECA estimates show that African countries spend some US\$30 billion a year to import processed foods. This trend can be reversed through value added agro-processing, leading to a significant boost in jobs creation for the growing youth population in the continent.

The African dream

Regional integration remains one of the key priorities of African leaders towards achieving the African dream of continental unity and economic growth. There is no doubt that regional integration will offer more economic opportunities in terms of investment, economic growth, production capacity, creation of value chains and trade promotion. Africa's fragmented markets need to be integrated in order to attract transformative investments, both from Africa and the rest of the world, as well as assist in building competitive and more diversified economies.

Despite the progress achieved by African states and regional economic communities, many African countries are still faced with several difficulties in implementing the regional integration agenda. More specifically, the weak productive capabilities, lack of technological sophistication, sufficient infrastructure, as well as weak institutional capacities will have to be addressed urgently. The issue of inadequate financial and human resources along with difficulties concerning harmonisation of regional programmes into national policy frameworks will similarly have to be tackled for African states to realise the benefits of regional integration.

And so, despite the above progress, member states and the RECs need to do more in order to accelerate the process. Implementation of decisions

relating to regional integration needs to be strengthened at all levels, including mainstreaming them into national development strategies. Member states, particularly policymakers, should continue considering regional integration as part of their broader strategic development package. Regional integration decisions should be given priority during the planning stages of national programmes and strategies. Monitoring the implementation of these decisions should also be taken as one of the key priorities by all the key stakeholders dealing with regional integration issues. Continued political commitment by the African leaders is key if the continent is to achieve its regional integration agenda. ■

About the author



Dr Stephen N. Karingi is Director of the Regional Integration, Infrastructure and Trade Division at the United Nations Economic Commission for Africa.

Make regional integration in Africa work... better

by Jan Vanheukelom and Bruce Byiers

A recent study by ECDPM on the Political Economy of Regional Integration in Africa, tried to identify drivers and obstacles to effective implementation of regional agreements, with the ultimate aim of answering the question: how to make regional integration in Africa work better?



Africa believes in regional integration and regional cooperation. Over the decades this has led to a surge in regional organisations, all setting out ambitions, targets and strategies across a wide and growing range of policy areas. These regional organisations and their member states have agreed on a multitude of regional policies, commitments and programmes advocating for cross-boundary mobility of people, regional trade of goods, the delivery of financial and other services, and coordinated approaches to natural resource management and peace and security.

These regional processes are vital for tackling issues that cannot be solved at a national level, and that affect poor people's lives in terms of human security, rural livelihoods, access to infrastructure, environment, and climate change, with women often suffering the most.

The complexity of regional integration

Yet, as recent events in Europe illustrate, implementing regional agendas is not a smooth, linear process. In the words of Ambassador Quince, the EU's top diplomat in Addis Ababa, "regional integration is a complex, very controversial and highly political process. And that is because it creates winners and losers". He was speaking at an African Union (AU) conference of

150 African stakeholders and partners in May 2016, themed "How to make regional integration in Africa work", building on a recent, large ECDPM study on the Political Economy of Regional Integration in Africa (PERIA).

While the conference was themed "how to make regional integration work?" it is clear that numerous regional processes are being undertaken and are working, so the real question is how to make it work better, and identify criteria and milestones for assessing it (see also articles by Raheemat and by Brenton and Hoffman in this issue of *GREAT*).

Understanding regional dynamics

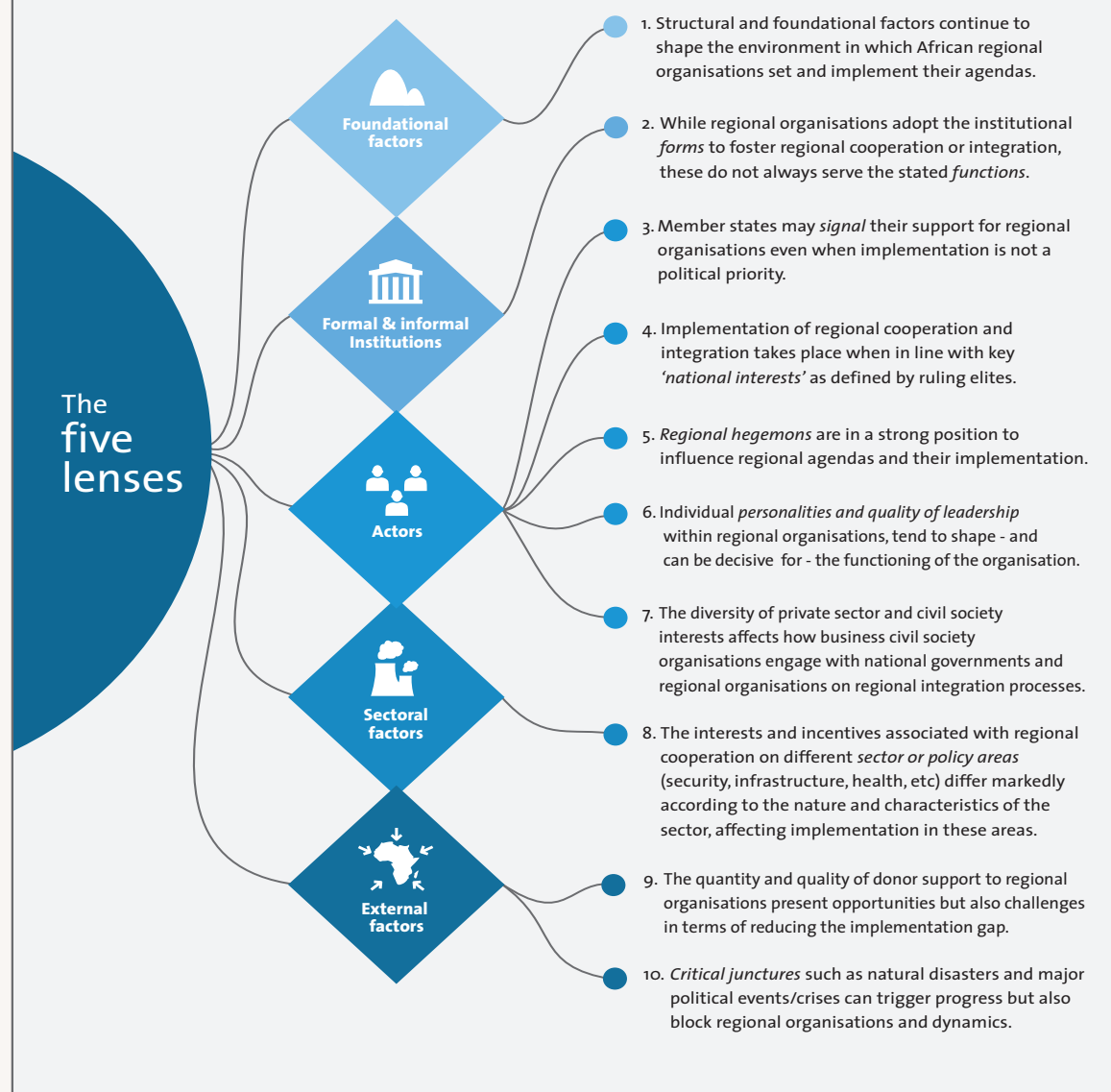
The PERIA study addressed that question by applying a five-lens framework to help identify the drivers and obstacles to effective implementation of regional agreements. This aimed to systematically unpack the interests and incentives as shaped by the interplay of structural, institutional and external factors. For five regional economic communities (RECs) and the AU, this five-lens approach was applied to two or more specific sectors, including peace and security, infrastructure development, climate change, agriculture and food security, industrialisation, trade etc. One major finding was precisely that the buy-in from national elites to regional cooperation differs according to sector

specific institutional and incentive characteristics.

Another finding confirms that while regional organisations create political added value and legitimacy, many of their regional agendas remain aspirational with multiple implementation gaps. Much of what needs to be done requires action at the national level. Yet ruling elites in member states often don't see their interests served by empowering and financing the regional organisations to which they belong. Bigger African member states are somewhat the exception as they can and do take a particular interest in influencing regional organisations and dynamics. This is particularly the case with issues of instability or violent conflicts in Africa, as the costs of inaction may be vast and immediate. Conflicts may spill – and have spilled – over into neighbours or regions, and pose direct threats to ruling elites. Powerful countries such as Nigeria, South Africa, Kenya, and Ethiopia hold sufficient political and economic sway when it comes to driving or blocking particular regional agendas. At the African and regional level, this has resulted in a stronger set of institutions, especially in terms of peace operations and conflict diplomacy.

In other sectors, however, non-implementation of regional agreements by member states is easy and carries little immediate or visible costs.

Regional integration in Africa in 10 key findings



Oftentimes, demand side pressures from civil society and private sector associations remain mute, or can be dismissed easily. Furthermore, in the absence of effective arbitration, mediation, or other compliance institutions and implementation arrangements, member states can often get away with merely signaling support for regional organisations and agendas. This leaves the regional organisations often poorly financed and weakly institutionalised to do all the 'heavy lifting'.

A few donors, including the European Union and some of its member states, pick up a substantial part of the bill for funding regional organisations and their programmes. Yet, besides the positive effects, there

are serious downsides to the quality and volumes of that aid. Donors often have high expectations of what aid can do, and tend to direct it to their political and policy priorities. This may crowd out the preferences of regional organisations and their members, reduce a sense of ownership and accountability, further inflate the regional agendas, and weaken rather than strengthen important functions of these regional organisations.

The ten main findings of the PERIA study are summarised in the table above. The PERIA study and related exchanges with key African stakeholders and partners confirm the impressive gains to be had from cross-country and regional cooperation and integration. But this potential can be

more fully tapped.

Therefore, the study suggests an ABC for doing regional development differently: *Ambitions* need to be adapted to the technically feasible and the politically achievable - it makes no sense to hector on about ideal-type integration models for which there are no support coalitions. *Brokerage* in support of those regional dynamics with traction in different countries is key to regional cooperation, given the wide range of interests, incentives and stakeholders – winners and losers – who need to be considered, accommodated or compensated. *Champions* for such demanding technical and political brokerage roles in regional and national public and private sector organisations are

Continental organisations	AU - African Union NPCA - NEPAD Planning and Coordination Agency
AU-recognised RECs	COMESA - Common Market for Eastern and Southern Africa EAC - East African Community ECCAS - Economic Community of Central African States ECOWAS - Economic Community of West African States IGAD - Inter Governmental Agency for Development SADC - Southern African Development Community
Other economic ROs (also resource governance)	CEMAC - Central African Economic and Monetary Community
Regional security organisations	EASF - East African Standby Force ICGLR - International Conference of the Great Lakes Region (also resource governance) KAIPCT - Kofi Annan International Peacekeepers Training Centre
Transboundary natural resource management organisations	ABN - Autorité du Bassin du Niger CBLT - Commission du Bassin du Lac de Tchad NBI - Nile Basin Initiative CICOS - Commission Internationale du Bassin Congo-Oubangi-Sangha COMIFAC - Central African Forestry Commission

also needed to speed up processes, help sustain momentum and create breakthroughs. For external partners, the implication of the PERIA findings is to remain engaged, but be prepared to play the second fiddle and re-calibrate their support strategies to the ABC.

Looking forward

But these kinds of findings are just the tip of the iceberg. In follow-up work, ECDPM will build on and extend this work to additional regional organisations, going beyond those RECs recognised by the AU to include other regional organisations focused on economic integration as well as natural resource governance and peace and security. These are presented in the table above.

This work will examine regional dynamics within each of these, again aiming to understand why relations are as they are, rather than how they should be in an ideal world. In particular, it will seek to better understand:

1. The political traction of regional organisations (ROs);
2. The political interests of member states in using those ROs; and
3. The areas with most traction for regional cooperation and integration within specific regions.

With this kind of understanding, policy makers at the national and regional levels and within donor agencies can engage in a more grounded conversation about the appropriate levels of ambition for policy reforms and support, the most appropriate actors to

engage (and how), and how to work with reform champions, whether technical or political.

Regional integration – from policy to practice

While all of the above is focused on regional organisations as drivers of these regional processes, one of the key findings from PERIA is that in practice regional integration ultimately depends on citizens and private sector actors. Even if institution-focused regionalism still faces many challenges, regionalisation is taking place regardless, again highlighting the need to better understand these processes, ensure the gains are evenly spread, and that those who might lose out are compensated or somehow assisted to cope.

One of the challenges is then to identify those winners and losers, both between and within countries, but also to see how markets and institutions can be made more efficient but also inclusive – something that may be a challenge. A good example is work being supported by several donors to reduce transport costs in West Africa – though at first sight a technical issue of improving roads and ports, further analysis shows that the politics of domestic economic development strategies do not always align with trade commitments; the transport unions that protect the market for small-scale transporters are also part of the high costs; while global shipping companies may have more influence over transport sector costs and reforms than government commitments.

While regional organisations are a key part of making regional integration work better, a technically perfect policy reform is likely to fall flat at the first hurdle if it does not also take account of the way in which citizens and firms are operating in the region.

Africa believes in regional integration; bringing politics and interests into policy discussions may be what is required to help regional integration work better.

For references on PERIA studies, synthesis report, summary brochures and events, see <http://ecdpm.org/peria>

About the authors



Jan Vanheukelom is Senior Adviser for Political Economy and Governance at ECDPM



Dr Bruce Byiers is Senior Policy Officer for the Economic Transformation and Trade Programme at ECDPM

Cautious optimism for regional integration in sub-Saharan Africa

by Paul Brenton and Barak Hoffmann

This article is a revised version of a summary chapter in the World Bank report: *Political economy of regional integration in sub-Saharan Africa*. The report finds that regional integration in this area is more successful than one would expect given the difficult setting in which it takes place.

Pathways to integration

Regional integration in sub-Saharan Africa (SSA) is crucial for increasing trade within Africa, building more competitive African economies, and creating larger markets for goods and services produced in the region. Yet there are many paths towards greater integration, some of which are easier than others. In addition, integration need not follow a linear path or occur mainly through formal inter-governmental economic coordination. In order to gain insights into how regional integration is occurring in SSA, determine impediments to it, and develop recommendations for how the World Bank and other development agencies can help further facilitate it, the World Bank commissioned a set of political economy of regional integration studies covering sector analyses of agriculture, financial services, professional services, trade facilitation, and transport.

In a comparative context, the findings of the studies suggest cautious optimism for regional integration efforts in sub-Saharan Africa. They also question perceptions that regional integration in SSA is doomed to be less successful than in other parts of the world. Economic integration is typically difficult, especially among less developed economies. In addition, failed integration attempts and slow implementation of integration policies is a global pattern, not only an African one. As in other parts of the world, we find that efforts at integration are more likely to succeed when they have strong internal support among the governments and/or private sectors of the member states as well as take

a pragmatic and flexible path to integration rather than a rigid and all-encompassing one. There is no question that it is these factors that are behind recent progress in regional integration in SSA. Similarly, economic integration is more likely to succeed when it occurs alongside regional attempts at improving political stability and/or developing joint infrastructure. We see evidence of this in sub-Saharan Africa as well. For these reasons, arguably, regional integration in sub-Saharan Africa is perhaps somewhat more successful than one would predict given the challenging environment in which it is occurring.

The studies also show that sector- and issue-specific characteristics strongly influence the pace and complexity of integration efforts. Most prominently, some areas require far more government action than others. For example, efforts to improve regional transport infrastructure and regional trade facilitation require policy coordination among a large number of government agencies. By contrast, consumer-facing sectors, such as finance, do not need such harmonisation to operate regionally. Rather, they can adapt to the host-country regulations. For these reasons, it is not surprising that integration is happening much faster in consumer retail than in other sectors or policy areas.

The studies suggest the World Bank and other international development organisations could engage in useful efforts to facilitate greater integration efforts. A few recommendations are listed below.



Sub-Saharan Africa is urbanising and growing rapidly. Making sure that growth benefits the many is a key challenge for African countries. Photo: UN/Christopher Herwig.

1. Prioritise flexibility over rigidity

It is tempting to want to work through existing regional economic communities (REC), such as COMESA, ECA, and SADC, to pursue integration efforts. However, the member states of Africa's RECs often have highly divergent integration priorities. Working through them therefore can often be more of an impediment to integration than a benefit. Instead, in many instances, it makes sense to allow a subset of countries to move forward in one area and use these gains to work on a broader set of issues and/or countries.

That regional economic communities can be an impediment to integration may seem paradoxical. However, these RECs only have power that governments delegate to them. As a result their influence tends to reflect the level of integration rather than advance it. Rather, it is highly unusual for these communities to pressure national governments at the early stages of integration. In addition, because RECs tend to operate by consensus, working through them to advance integration can allow the most reluctant member states to exercise the greatest amount of leverage. Not permitting integration outside a formal regional economic community as a result can slow the pace of integration.

2. Encourage simplicity over complexity

Many integration efforts stall because they pursue complex negotiations across a range of government agencies. This

approach gives groups opposed to integration leverage to block progress towards it. In addition, it also strains the capacity of many governments. One way to minimise these impediments to integration in some areas is to encourage mutual recognition of standards rather than policy harmonisation. Within a REC, for example, countries could choose to recognise the standards of the most stringent member state in the particular sector.

One potential objection to advocating for simplicity is that efficiency could come at the cost of lack of inclusion among stakeholders in the integration process. A government agency, for example, that has concerns over integration policies could deliberately obstruct implementation of them due to lack of consultation during the policy design stages. Yet policymakers need to balance this risk against the one created by giving any plausible stakeholder a potential veto. In addition, Presidents and Legislatures ultimately determine the pace and scope of the integration process. Heads of government ministries and agencies are accountable to them, not an independent source of government authority.

3. Reach out to the private sector

Governments are unlikely to impose losses on certain groups without pressure to do so from another set of domestic actors. In addition, World Bank projects often focus most of their attention on working with governments. Reaching out to

private sector actors that have an interest in integration can help shift momentum towards this outcome. In addition, firms already operating regionally may have innovative insights that might prove useful for World Bank staff working on integration projects.

4. Focus on joint infrastructure

Africa's infrastructure deficit is large and the costs of developing it are daunting. In many instances, it is sensible to consider infrastructure development from a regional point of view rather than a national one. Not only can this help leverage economies of scale in financing infrastructure development, it can also help create the foundations for greater integration efforts by reducing costs of trade. The returns to these investments are enhanced when they are accompanied by policy reforms that remove barriers to the movement of goods, investment, services and people. For example, investments in connective transport infrastructure need to be accompanied by measures that lead to faster border procedures, the removal of roadblocks, fewer weighbridges and greater competition among transport providers.

Untapped opportunities

The pessimistic view that regional integration can only play a limited role in Africa because of relatively small size and similarity of endowments between countries is still common. Our studies challenge this conventional wisdom. It is becoming increasingly apparent that there is enormous scope for increased cross-border trade and investment in Africa. Moreover, with rising incomes in Africa there are growing opportunities for cross-border trade in basic manufactures, such as metal and plastic products, and processed food that are costly to import from outside the region. The potential for regional production chains has yet to be exploited and cross-border trade in services offers similarly untapped opportunities. ■

The full study is available at <http://ecdpm.org/wp-content/uploads/Political-Economy-Regional-Integration-SSA-World-Bank.pdf>

About the authors



Paul Brenton is Lead Economist, Trade and Competitiveness Global Practice, at the World Bank.



Barak D. Hoffman is Public Sector Specialist, Governance Global Practice, at the World Bank.

The diversity of African regionalisms

by Daniel C. Bach

The diversity of African regionalisms remains largely overlooked. Far from being of marginal significance, what is at stake within regional groupings and across the borders of the continent helps to make sense of dynamics that are truly global.

Britain's recent vote for 'Brexit' brutally signalled that European construction is not immune to disintegrative effects. Since the early 1990s, the surge of increasingly diversified forms of regionalism has also been calling for the broadening of conceptual tools and monitoring processes. Yet, in Africa as elsewhere, policy-makers and scholars remain all too often prone to focus on the degree of emulation, implementation and legitimisation of the European Union's (EU) so-called magic institutional mix between inter-governmentalism and supranationalism. Other scholars already complained in the late 1970s that while regionalism kept expanding across the world, research in the field was dominated by theoretical language drawn from the European experience. A few decades later, the throes of European construction and the diversity of African regionalisms constitute a firm invitation to treat the EU as one among several paths to region-building. Five threads (or strands) help to make sense of the interplay between regionalism (as a project), regionalisation (as a process) and region-building (as an outcome) in Africa.

The resilience of colonial legacies

Colonial rule in Africa (as in Latin America and the Middle East) was as much about partition as about region-building. Africa's first economy, Nigeria, was 'amalgamated' into a single entity by the British colonial administration in 1914. The process was decided in London and implemented without

any consultation of the population, a casual expression of the obsession of all European powers with cutting down the cost of managing their respective empires. Accordingly, federal or quasi-federal entities were established in West (Nigeria, French West Africa), Central (French Equatorial Africa, Federation of Rhodesia and Nyasaland) and East Africa (East Africa High Commission). These Federations, highly contested by nationalists, were generally dismantled at the time of independence, but the legacy of 'amalgamation' policies and politics lingered on through ambivalent representations of regional integration and (especially in former British settler colonies) federalism.

Africa's two integrated regional organisations, the Southern African Customs Union (SACU) and the CFA (Communauté Financière Africaine) currency zone (West and Central Africa) are tangible expressions of these legacies. They account for the only cases of regional groupings that effectively involve transfers of sovereignty. The genealogy of these integration schemes is, at the same time, asymptomatic since integration does not result from transfers of sovereign competencies to supranational institutions, but from the member states' endorsement of pre-existing arrangements at the time of independence. This means that most member states of the CFA zone and SACU never had the opportunity to operate as fully sovereign states in the areas that are today subjected to pooling. Integration also operates on

an hegemonic mode: the stability of the CFA currency zone is still guaranteed by the French Treasury, while, within SACU, it is South Africa that, as in the past, dominates and stabilises what is in effect the oldest working customs union in the world.

Club diplomacy and regime consolidation

A recent survey of Africa's regional organisations observed that their efficiency heavily depends on the state of inter-personal relations between Heads of States who are often prone to act as individuals rather than as representatives of a political system. The emphasis of African regional organisations on summitry, the pursuit of club diplomacy and regime consolidation are neither new nor unique to the continent. In South-East Asia, the Association of South East Asian Nations (ASEAN) was originally established in 1967 in order to mitigate tensions between member states. In Latin America, the impulse towards the establishment of the Mercado Común del Sur (MERCOSUR) came from the concerns of Brazil and Argentina about (democratic) regime consolidation. The issue was equally central to the dynamics that, in Southern and Central Europe, led to applications for membership of the EU in the wake of transitions away from authoritarian regimes. In Africa, non intervention into the domestic affairs of member states, sovereignty enhancement and (democratic or authoritarian) regime consolidation similarly provided the



Cross-border trade, DRC/Rwanda border. Photo: Simone D. McCourtie / World Bank

foundations of most of the regional groupings that emerged in the aftermath of independence. Accordingly, the Organisation of African Unity (OAU) and the sub-regional groupings established in accordance with the Lagos Plan of Action (1981) became key arenas for the expression of African agency in international relations. Overlapping membership, often stigmatised as the bane of African regionalism, turned out to be perfectly suited to meet such goals. It is only since the mid-2000s that multiple memberships have become the source of intractable problems whenever regional economic communities (RECs) undertake to deepen their integration through the transformation of free trade agreements (FTAs) into mutually exclusive Common External Tariffs (CETs) of their Customs Unions (CUs).

Regionalisation without region-building

The limited achievements of regional groupings in the field of integration are

often contrasted with the integrative power of (so-called informal) cross-border network-led interactions. A related assumption is that these ought to be tapped in order to stimulate regionalisation at grass-roots level. This overlooks that cross-border flows thrive from the association of porous boundary-lines with monetary, fiscal, tariff and normative opportunities embedded in distinctive sovereignty regimes and macro-economic policies. For the players involved this means fearing the adverse effects of the closure of borders (for instance as a result of military tensions between neighbouring states), but also of a drive towards integration that would result in the establishment of a common customs union.

The 1970s and 1980s were a golden age for the group of West African states (Benin, Niger, The Gambia and Togo) that managed to turn boundaries with their immediate neighbours into valuable resources for public and

private operators. Public support to 're-export' trade (stigmatised as smuggling by neighbouring Nigeria or Senegal) boosted the ability of cross-border players to negotiate the goodwill of officers, bureaucrats and politicians on each side of the border. Today, the economies of West Africa's so-called warehouse states would still have much to lose from intra-regional trade liberalisation agendas. Re-exportation, noted a candid observer in the 1990s, "forbids that these small countries play the game of a large market within which it would no longer be possible to preserve pre-existing fiscal incentives". It is paradoxically where cross-border integration appears deeply established that institutionalisation is most resisted.

In Central Africa, network-led cross-border interactions have grown along with the instrumentalisation of violence and insecurity. In eastern Democratic Republic of the Congo (DRC) and, more recently in North Eastern Nigeria and the Sahel, the exploitation of

the edge effects of the frontier builds upon situations of governance without government. The rise of trans-state networks breeds specific patterns of regionalisation that cut across domestic and international frontiers and penetrate (or even take control) state bureaucraties.

Mental maps and holistic agendas

Dominant perceptions of African regionalism are informed by the broad movement that led to the revision of most of the founding charters and treaties of Africa's regional groupings during the 1990s. The process went along with the endorsement of bold regional institutional briefs and architectures. The Abuja Plan of Action (1991) set the overarching framework towards the establishment of a quasi-federal African Economic Community (AEC) by 2028. Following the adoption of a new African Union Constitutive Act in 2001, a new regional peace and security architecture was entrusted with the enforcement of a collective and proactive commitment to rule of law and good governance.

The advocacy of a supranational and federal path towards a stronger and more competitive Africa was strongly influenced by aspirations to a refoundation of the goals and ideals of pan-Africanism, the oldest and most preeminent form of expression of African regionalism. Fresh attention was now being paid to what Pan-Africanism should mean for ordinary Africans, as opposed to their leaders, a movement designed to seal the renaissance of continental ambitions and agendas. The experience of the EU featured in this context as the model best suited to fulfil plans towards the establishment of an AEC. At a time when import substitution industrialisation (ISI) policies and developmental agendas were being shelved by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC/CEPAL) in Latin America, the EU showed a unique capacity to reconcile successful integration within the world economy with socially motivated policy concerns.

Pan-African ambitions to establish an integrated region through the combination of sovereignty pooling with holistic agendas were given a new boost in the early 2000s, with the establishment of the consolidated list of eight RECs the regional groupings formally defined by the (O)AU as building blocs for the AEC. Two decades and a half later,

however, transfers of sovereignty are yet to materialise. The emulation of the EU model has also come under growing criticism, as the quest for developmental regionalism tends to focus on the individual capacity of states to adopt and implement (smart) public policies.

Defragmentation and connectivity

Defragmentation has become a shortcut for the revival of functionally driven projects, especially in the field of (hard and soft) infrastructure development. Along with the establishment of an enabling business environment within states, innovation tied to the spread of cell phones and financial networks (the M-pesa syndrome) simultaneously boost technological leapfrogging and transborder integration.

These trends echo the dissemination of the concept deep integration, or 21st century regionalism (as characterised by Richard Baldwin), associated with the negotiation of free trade agreements that range from mega-regional agreements (such as the Transatlantic Trade and Investment Partnership - TTIP) to bilateral Investment Treaties (BITs). The distinctive rationale for this new thread of regionalism rests in the removal of non-tariff and regulatory barriers, a response to the formation of global value chains (GVCs) associated with the rise of intra-firm trade and services between multinationals and their affiliates.

In Africa, negotiations towards Tripartite and Continental Free Trade Agreements (TFTA and CFTA) picked up in the late 2000s, at a time when interaction with the European Commission over the conclusion of economic partnership agreements (EPAs) was particularly tense. The RECs were also subjected to increasing criticism due to their (stalled) endorsement of the EU's (so-called) 'linear' approach to integration. Negotiations towards free trade agreements, like the notion of defragmentation, infer a dilution of the frontiers between national, regional and global integration.

The five distinctive threads that we have identified allow us to make sense of the dynamics at play within institutions and across borders. These distinctive strands also point to broader and cross-regional dynamics. They are a reminder that the world of regions is also a world of regionalisms. ■

References:

1. Axline, A.W. 1977. Underdevelopment, Dependence and Integration: The Politics of Regionalism in the Third world, *International Organization*, 36, 1, p. 83.
2. Bach, D.C. 2016. *Regionalism in Africa. Genealogies, Institutions and Trans-state Networks*, Abingdon: Routledge.
3. Bossuyt, J. 2015. *The Political Economy of Regional Integration in Africa: The Economic Community of West African States*. Maastricht: ECDPM.
4. Igué, J.O. 1995. *Le territoire et l'Etat en Afrique: les dimensions spatiales du développement*, Paris: Karthala, p. 184

About the author



Prof Daniel C. Bach is Director of Research Emeritus of the CNRS (Emile Durkheim Centre) and Professor at Sciences Po Bordeaux.

Why aiding regional integration in Africa does not work

by Fredrik Söderbaum

Many donors are enthusiastically supporting regional cooperation and integration in Africa. This article gives two main reasons why external support to regional cooperation and integration in Africa does not work so well.

Regional cooperation and integration in Africa have deepened and expanded considerably in the last two decades and many donors are enthusiastically supporting these processes. For instance, the EU provides several billion euro to the African Union (AU), the regional economic communities (RECs) and other regional actors and organisations. While the World Bank was previously reluctant to support state-led regionalist projects in Africa, it has recently increased its support to regional integration in Sub-Saharan Africa considerably. Many other multilateral agencies (such as the African Development Bank, the Global Environment Facility and the United Nations), as well as influential bilateral development partners (such as Germany, the Netherlands, Norway, Sweden and the United Kingdom), are also deeply engaged in aiding regional cooperation and integration in Africa.

Drawing on the results of a recent report by Fredrik Söderbaum and Therese Brolin for the Expert Group for Aid Studies (EBA), this article brings attention to some of the main reasons why external support to regional cooperation and integration in Africa does not work.

Too much focus on the AU and RECs

A key feature of many donor strategies is that they focus heavily on state-led and intergovernmental regional organisations (ROs), particularly the AU and the RECs, such as the East African Community (EAC), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC). Even if other organisations and non-state actors are often recognised, most donors believe that their external support should first and foremost go to those actors and mechanisms that help to realise the so called African integration agenda, namely the AU and the RECs.

There is little doubt that supporting intergovernmental ROs may be fruitful when such organisations are functional, effective and contribute to the achievement of regional and global public goods. It should be recognised that many observers claim that the AU and the RECs are performing better today than in the past, at least partly thanks to external capacity-building support. However, it cannot be disputed that

many state-led ROs (AU and RECs in particular) are struggling with both internal and external challenges and limitations. Some intergovernmental ROs in Africa are clearly dysfunctional and demonstrate major 'implementation gaps'. In these cases, there is little evidence to support the idea that the large sums of money provided by mainly Western donors for capacity building and institutional development has yielded positive and sustainable development outcomes. There is considerable research that helps to explain why some ROs are dysfunctional and fail to function as portrayed in official treaties. Many donors therefore need to broaden their horizons and consider different options and strategies regarding what works and why in this field.

Another problem with the donor community's strong focus on the AU, the RECs and other intergovernmental ROs is the marginalisation of both private business and civil society actors in many of these organisations. Although there are some signs of improvement, there is considerable empirical evidence that private business and civil society actors are excluded from many intergovernmental ROs in Africa. Both research and donor evaluations show that this exclusion of 'bottom-up' forces of regionalisation largely explains why the results of state-led and 'top-down' regionalism in Africa have been so modest. A more diversified and balanced strategy is therefore needed to acknowledge the role of the private sector and civil society in regional development cooperation and in solving Africa's development challenges. This requires, among other things, more flexible institutional solutions and a greater diversity of implementing partners than top-down and state-centric intergovernmental ROs. It is therefore necessary to be more realistic about the positive and negative effects of outside support to ROs and to identify which regional frameworks to support in a given situation.

The neglect of 'development'

When studying different donor strategies in this field, it is striking how much attention is given to regional cooperation mechanisms and capacity building of ROs rather than to development and poverty reduction. This results in two overlapping problems: (i) the confusion of means and ends,



Passing South African-Botswanian border near Zeerust. Photo: Pe_Wu, flickr.com

and (ii) a strong emphasis on activities and outputs instead of long-term development results. Thus, there is too much confusion over what donors actually mean by regional development cooperation and by external support of regional cooperation and integration in Africa. Donors need to become more precise and also redirect focus away from outputs and means (the level of regional cooperation and 'capacity building regionalism') to ends, improved living conditions and poverty reduction. A different approach would help donors make better-informed decisions about which development actors to cooperate with and why, and it would help them shift focus from activities and outputs to long-term development impact.

This is closely related to monitoring, evaluation and the way 'results' are reported. While evidence suggests that regional development cooperation is often both relevant and achieves results, there is little agreement about what constitutes a good result, how and when it should be evaluated, or whose results should count and why. While these problems are related to confusions about ends/means and how to best support regional integration, they also emerge as a result of insufficient monitoring and evaluation tools. Indeed, the evidence base is poor and data are mainly available on activities and outputs while there is an almost complete lack of data on long-term development impact. The monitoring and evaluation reports often vary in quality and may therefore lead to donors making inappropriate priorities and decisions about which development actors to cooperate with and why. A better knowledge base is therefore needed in order to improve the monitoring and evaluation of regional development cooperation.

It follows that donors need to increase knowledge within relevant ministries and agencies. There is fairly limited knowledge within the donor community about the relevance of regional development cooperation and regionalism in dealing with global and regional challenges. This undermines the effectiveness of aid in general and regional development cooperation in particular. It also means that much of the potential of regional cooperation and integration in Africa remains untapped. ■

The complete study discussed in this article 'Support to regional cooperation and integration in Africa: what works and why?' can be found at <http://eba.se/en/promoting-regional-cooperation-in-africa-from-the-outside-lessons-and-implications-for-external-support/>

About the author



Prof Fredrik Söderbaum is Professor at the School of Global Studies, University of Gothenburg, Sweden.

The EU's new approach to funding regional cooperation

by Alisa Herrero and Cecilia Gregersen

Financial support to regional cooperation and integration remains a key building block in the EU's foreign and development policy toolkit. Looking at lessons from past practice, designing effective programmes will require a more sophisticated understanding of what drives regional agendas and should be geared towards producing a higher impact rather than higher disbursement rates.



People and heavy goods vehicles waiting to enter Rwanda from Democratic Republic of Congo. Photo: Simone D. McCourtie / World Bank, flickr.com

Regional integration is one of the cornerstones of the European Union's (EU) development and international cooperation policy and is an area where the EU is seen as having a real added value and know-how in international cooperation. Support to regional integration and cooperation has featured at the centre of the ACP-EU partnership since the first Lomé Convention signed in 1976. Even a seismic event like Brexit is likely to change the EU's focus on funding regional cooperation. The recently released Global Strategy for the EU's Foreign and Security Policy also clearly cements the priority of regional level

engagement in the EU's aim to promote a security, prosperity, democracy and rules-based global order.

However, EU support to regional cooperation does not happen in a void and has experienced challenges in the past. For example, ACP countries have a long history of commitments and efforts at regional integration, and although progress has been achieved in all ACP regions, aspirations have not translated into effective implementation. The European Commission's support to regional integration in the ACP has also faced important shortcomings, leading to very low aid disbursement

rates in the 10th European Development Fund (EDF). Reasons identified point to a lack of managerial capacity among regional organisations (ROs), overlapping memberships, a lack of progress in implementing regional agendas at a national level, and protracted negotiations of the Economic Partnership Agreements (EPAs). Other reasons relate more directly to the EC's management capacity, the EU's perceived lack of a strategic vision, absence of appropriate governance structures for managing regional cooperation, limited synergies between national and regional programming, and weak monitoring systems.

EU support to regional integration through the EDF in brief

The EU is currently implementing its 11th European Development Fund which covers the period 2014-2020 with a budget of €30.5 billion (up from the 8th EDF's €782 million from 1996-2001). The funds go to ACP countries through both national and regional programmes. The 11th EDF counts five regional indicative programmes, covering five ACP regions.

Region		Allocated funds	
Africa	Central Africa	€350m	€2.832m
	Eastern and Southern Africa and the Indian Ocean	€1.332m	
	West Africa	€1.150m	
Caribbean			€346m
Pacific			€166m

The 11th EDF regional programming orientations and allocations are decided in line with the fundamentals of the Cotonou Partnership Agreement and the EU's development policy embodied in the Agenda for change. Financial allocations to different priority sectors were the following:

- Regional economic integration receives 59% of the regional aid envelope, 70% of which goes to blending (of grants and loans). Other objectives pursued under this heading include trade and business enabling environments, EPA implementation and capacity building, and boosting private sector participation.
- Climate change, resilience, environment, food security and natural resource management receive 20% of regional funds. This is in line with the EU's overall commitment of spending at least 20% of budget on climate-related activities.
- Governance, peace and security are allocated 15% of the regional funds. This amount should be seen in the wider context of complementarity between instruments; notably, the African Peace Facility which receives 25% of the separate intra-ACP envelope.
- The remaining funds go to technical cooperation facilities and non-focal areas.

New approach to 11th EDF regional programmes

Faced with a sobering reality, and under increasing pressure to deliver better results and show value for money, the EU decided to overhaul its approach to regional cooperation in the 11th EDF for the period 2014-2020.

Learning from the past was indeed a key driver in the 11th EDF new programming orientations for regional cooperation. Several key innovations were introduced, some of which have been qualified as a 'paradigm shift'.

The diversification of the choice of implementing partners, beyond Duly Mandated Regional Organisations (DMROs), recognises that regional cooperation processes can be initiated and driven by actors other than regional

organisations and releases DMROs from time- and capacity-consuming tasks, allowing them to focus on their political role and their core mandates of coordination, guidance and supervision. The use of direct management, together with a significant amount of funds channelled through blending facilities, could also improve disbursement rates. The EU has also created regional steering committees made up of relevant stakeholders, which could potentially improve the efficiency of EDF programming, formulation and delivery. Finally, the EU has taken steps to improve the EU delegations' capacity to deal with regional cooperation, notably by clarifying the roles and responsibilities of national and regional delegations and improving coordination between them.

Positive innovations or generic solutions?

The EU's new approach to funding regional integration, devised for the 11th EDF, can be in some ways considered as a paradigm shift. Some of the innovations are very likely to effectively address identified aid management problems and improve disbursement rates. However, it is still unclear whether this new approach will produce better results in terms of regional integration.

The new approach to regional cooperation under the 11th EDF would appear to offer generic solutions to generic problems, rather than being a tailored approach in response to the different national, regional and sectoral political economy dynamics that influence regional integration.

The absence of a clear theory of change and a mechanism for benchmarking regional integration would seem to be major weaknesses, with clear implications for the ability to measure and capture results. As a further point, five-year cooperation cycles are likely to be too short for producing results in regional integration.

Direct access may not deliver results in terms of the domestication of regional integration agendas, unless it is underpinned by a solid political economy analysis of the national incentives for pursuing regional cooperation, and unless the regional dimension of regional challenges is acknowledged and addressed.

Steering committees, which focus largely on formal institutions and aid-management issues, are unlikely to generate the high-level political action that is required to push the regional integration agenda forward and are probably not the right tool for enabling the EU to identify opportunities for supporting more flexible, informal, regional arrangements with a strong potential to drive regional integration processes forward.

Blending may be a far more risky and complex enterprise, requiring the EU to take serious account of the drivers of and barriers to transnational infrastructure development, particularly during the project planning stage. The new EDF blending framework may not necessarily broaden the scope for increased ownership of blending operations by beneficiary countries, given the limited space available to national and regional actors for leading the implementation of blending projects. The African Development Bank is the only regional financial institution that qualifies as a lead financier. There are also concerns about the EC's ability to manage blending in a 'politically savvy' way.

Reconciling with the principle of ownership

There is strong evidence that the 11th EDF regional programming process was largely prescriptive and heavily dominated by the EU, in particular by DG DEVCO. ACP actors, notably DMROs, were largely excluded from the drafting of programming orientations, the initial sector analysis, priority setting and sector allocations.

The allocation of funds to different sectors in different regions appears to have revolved around DEVCO's objective to secure a maximum allocation of EDF regional funds to the new blending facilities. There is also little evidence that the choice of sectors and the distribution of funds among sectors corresponded with a regionally tailored political economy analysis of the incentives and the available capacity for meaningful regional action. Such a prescriptive programming approach is difficult to reconcile with the principles of ownership and co-management underpinning the Cotonou Partnership Agreement. It has also prevented the EU from ensuring a close alignment of its regional programming with the political and economic realities of the various regions.

The creation of an EU Emergency Trust Fund on migration - created by the EU in November 2015 and drawing massively from EDF funds, including €395 million from the regional and national programmes - also illustrates the trend to recentralise the management funds away from ACP countries and regions, in accordance with the EU's pressing (internal) political priorities. DMROs had little room for manoeuvre to resist this. As a result, they have now lost control of programming, management and spending of those RIP funds that have been pooled with the new Emergency Trust Fund.

Implications for future EU support

The EU has long-standing relations with many regional organisations across the world, spanning a wide range of policy areas, including trade, security, and global public goods. EU support for regional cooperation and integration are likely to remain important building blocks in the EU's future foreign and security policy toolkit, and given the importance of the EU as a political and financial sponsor of regional integration, it is likely that the EU will continue to prioritise, and even increase, its support to regional integration. The current review of the

European Consensus on Development and the evolving discussions on the ACP-EU partnership beyond 2020 present important opportunities where evidence from practice of previous policy frameworks will need to be considered.

While expectations about the role played by the EU as a global actor are running high, the EU will need to demonstrate its added value and cannot afford not to continue to learn lessons as to how it can support regional integration more effectively. Our study identifies the following pointers for future high-impact EU support to regional integration related to ACP countries and beyond:

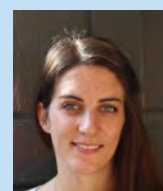
1. The EU's ambitions for support for regional integration may need to be revisited in terms of what is feasible, based on a sophisticated understanding of where political traction lies and the potential capacity of technical and political actors to form coalitions and drive regional agendas, at national and regional levels. This means first and foremost, that the EU will need to invest many more resources in understanding the real political economy of regional integration in the various regions and sectors, beyond the easy explanations of 'lack of political will' and 'capacity constraints'.
2. The EU will need to pursue a respectful dialogue and ensure ownership, beyond simply aligning support with RO strategies, regional policies and treaties; these are often sponsored by donors, but lack the backing of member states and other stakeholders.
3. Support strategies should be specifically tailored to the idiosyncrasies of different regions, sectors and sub-sectors, and geared to producing a higher impact rather than higher disbursement rates. The required transformation will entail revisiting and adapting the systems, incentives and capacities that are deployed to deliver high-impact support for regional cooperation.
4. The EU may also need to instill a higher degree of realism, and match its ambitions with the lower capacity levels resulting from staffing cuts. ■

In a series of work looking into the implementation of the EU's Agenda for Change, ECDPM has analysed how key policy commitments have been translated into practice through the 11th European Development Fund programming process. The results of this work are intended to inform decision-making by both EU and ACP actors on the implementation of policy priorities and to identify some of the dilemmas and opportunities for achieving high impact aid during and beyond the 11th EDF.

For more see:

1. Herrero Cangas, A., Gregersen, C. 2016. *Prospects for supporting regional integration effectively: An independent analysis of the European Union's approach to the 11th European Development Fund regional programming*. (Discussion Paper 192). Maastricht: ECDPM.
2. Herrero Cangas, A., Gregersen, C. 2016. *Supporting effective regional integration? What the 11th EDF programming tells us*. (Briefing Note 89). Maastricht: ECDPM. (also available in French)
3. Herrero, A., Knoll, A., Gregersen, C., Kokolo, W. 2015. *Implementing the Agenda for Change: An independent analysis of the 11th EDF programming*. (Discussion Paper 180). Maastricht: ECDPM. (published as a shorter version in Briefing Note 77 available in both French and English)

About the authors



Alisa Herrero (top) and Cecilia Gregersen are Policy Officers for the Strengthening European External Action Programme at ECDPM.

New AU-RECs relationship needed for integration

by Raheemat Momodu

Africa must face the stark reality that integration is the fastest and surest pathway to building strong national economies. To ensure success in re-orienting and re-directing the continent towards this fundamental paradigm shift, a rethinking and re-tweaking of the institutional relationship between AU member states, the AU and RECs must first take place.



17th Ordinary African Union Summit in Malabo, Equatorial Guinea.
Photo: Embassy of Equatorial Guinea, flickr.com

Pathways to African integration

Too many analysts are quick to conclude that African integration has been and is still low given the lofty aspirations of the African Union (AU) and the respective regional economic communities (RECs). It is pertinent for any assessment or evaluation on integration to bear in mind that integration all over the world is a long journey, a marathon not a sprint. The current Brexit saga that will see Britain pulling out of the European Union (EU), speaks volumes of the slippery steep slope of integration. Even if Britain pulls out of the EU that will not mean that EU integration has failed because the dynamics of integration would always feature negotiations and re-negotiations, alignment and realignments of terms of engagement.

It is an undisputable fact, which has been a core finding of most recent studies on the state of integration in Africa, that the role and responsibilities of member states is fundamental to the effectiveness of AU Commission (AUC) and the RECs. The member states are critical in addressing the ever present tension between supranationality and national sovereignty and the courage to move towards collective sovereignty.

It has become imperative for Africa to answer the question 'what is the value of protecting national sovereignty with poor economies, conflict ridden societies and weak global influence?' Africa must face the stark reality that African integration is the fastest and surest pathway to building strong national economies.

Consequently, there is an urgent need for a change of mindset of African leaders and people to begin to see continental integration as indeed an economic and development pathway; and model for national economic growth, inclusive and sustainable development of each and all African countries regardless of their current economic development, population and level of natural resource endowment. In this regard, the AUC and RECs are best placed to popularise the new thinking of promoting integration as the most pragmatic pathway to economic growth and development of Africa. To ensure success in re-orienting and re-directing the continent towards this fundamental paradigm shift in words and actions, a rethinking and re-tweaking of the institutional relationship between AU and the RECs must first take place. It is only a more organic relationship between the AU and

RECs that will produce the kind of cooperation that will drive transformative and collective integration. This may require revisiting the Lagos Plan of Action and the Abuja Treaty as pathways and stages to delivering Agenda 2063; and accelerating and sustaining integration.

One of the sources of tension undermining more effective cooperation between the AU and RECs, which needs to be resolved as a precondition to accelerating continental integration, is the need for absolute clarity of roles and responsibilities between AU member states, the AU and the RECs. This will at least minimise tension, competition and sometimes division and sectional conspiracy. The clarity of the different roles, responsibilities, obligations (financial and no financial) and corresponding institutional architecture to drive the often contested and tensed tri-lateral relationship must be sorted out and captured in no less a legal text than the Constitutive Act of the AU and similar treaties of the RECs. Fortunately, the approval by the AU Heads of States and Government to review the AU Constitutive Act provides a golden opportunity.

A more effective AU-RECs cooperation will easily and quickly be able to deliver some highly impactful and transformative low hanging fruits that will accelerate African integration such as: more liberal visa regime to promote free movement of people, goods and services of all Africans in all African countries; the African passport; mobility of labour to manage the huge unemployment of the burgeoning youth bulge of most African countries; systematic and structured engagement with the youths and boosting intra-African trade. Others include: the establishment of an annual African Forum by the AU to effectively engage with African private sector and other actors; and the establishment of an AU-RECs continental mechanism and building capacities for multi-lateral negotiations. In addition, the immediate implementation of some other key Agenda 2063 flagship projects, such as Integrated High Speed Train Network to connect all African capitals and commercial centres; formulation of an African Commodities Strategy and development of the Grand Inga Dam project should be prioritised and fast tracked.

African resourcing

The current buzz and euphoria about Africa rising, the optimism around Agenda 2063 and the hope of the AU and the RECs accelerating African integration will come to naught if Africa does not resource (financial, material and technical) its integration organisations and agendas. The excuse (not a reason) that Africa does not have the kind of resources to self fund its own integration and development agenda is no longer tenable or fashionable against the growing evidence of the huge amount of financial and non financial resources lost by the continent through illicit flows of financial resources, skewed commodity pricing, unfair trade regimes, fraudulent mining contracts and more. Africa needs to address and block the many sources of leakages and waste to change the long-standing narrative of the African paradox of 'rich Africa, poor Africans'.

Specifically on the funding of AU and the RECs, the hope raised by the new AU Assessed contribution and the assignment of Dr Donald Kaberuka as AU High Representative for the Peace Fund, to come up with viable and sustainable financing options should be marched with faithful implementation and thorough follow up. It is hoped

that Dr Kaberuka's recommendations will not be treated like that of the Olusegun Obasanajo Committee on Alternative Sources of Funding, adopted in principle and not acted on. Some specific proposals that the AU and RECs could explore include:

- AU-RECs Joint Resource Mobilisation: Regional Approach to Resource Mobilisation for RECs and AU;
- Chair of the Union Project/Contribution Fund;
- AU Peace and Security Council (PSC) Membership Pool Fund;
- African Business for Africa Development Network/ Partnership;
- African Diaspora Investment Fund: leveraging African remittances for investment and development-win/win situation;
- African Professionals Expertise Volunteer Assistance Programme.

Assessment of RECs Liaison Offices to the AU

The establishment and deployment of RECs Liaison Officers to the African Union may have been done almost quietly under the Capacity Building Programme of the African Peace Facility funded by the EU in 2007 but today this cooperation mechanism may be adjudged the most critical factor in the AU-RECs relationship. The mandate of the RECs Liaison Office to the AU was expectedly expanded beyond peace and security by the AUC and RECs Chief Executives in January 2009, in line with the provision of the Protocol on the Relations of AU and RECs (2008). Nine years after, the impact of the RECs Liaison Officers to the AU in promoting synergy between RECs and AUC policies and programmes is undeniable as a comparative study on the state of cooperation between AU and RECs pre-deployment of RECs Liaison Office to the AU and now will show that these six Liaison Offices of ECOWAS, SADC, COMESA, EAC, ECCAS and IGAD have profoundly increased the level of cooperation in all areas of integration.

Indeed, the greatest unintended result is that these Offices not only represent their RECs at the AU but to all diplomatic missions and inter-governmental organisations based in Addis Ababa. This has greatly increased the scope of responsibilities and level of representation of these offices and officers as critical elements in African and international multi-lateral diplomacy beyond the initial mandate and projection. However, the RECs' Liaison Offices to the AU experience two main challenges: one, that the exchange of Liaison Officers between the AU and the RECs is secretariat to secretariat and so focuses mainly on technical and operational collaboration, whereas the greater need is for the AU and the RECs to harmonise their policy and decision-making processes to promote collective decision making and responses in all areas of integration.

The second major challenge is the fact that these offices are still funded almost entirely by the EU under successive African Peace and Security Architecture (APSA) Support Programme of the African Peace Facility except for ECOWAS that partly funds a greater share of its office's operations and activities. It is imperative that RECs begin to walk the path of self funding of their offices since these offices should outlive EU funding and should be indeed permanent representative offices.

Proposals for rethinking AU member states, AU and RECs trilateral relationship

1. AU primary responsibility in unifying and articulating African voice: The ways and means of achieving this onerous task could include the AUC encouraging member states to institute joint or integrated UN/AU/RECs desk offices in foreign affairs ministries to ensure coordinated national interface with the UN, AU and the RECs. In addition, the establishment of a formal virtual platform or forum of African Ambassadors/ Permanent Representatives to RECs, AU and UN to interface with AU Commission towards ensuring Africa speaks with one voice and acts together at the UN, AU, RECs and other international and global platforms is proposed.
2. Single AU/REC legal text: An immediate step should be the adoption of a single AU legal text (perhaps based on the Abuja Treaty), which will clearly state the division of roles and responsibilities between the AU member states, the AU and RECs and will cover all aspects of regional and continental integration. The new framework should recognise RECs as part of AU decision-making structures.
3. Regional (RECs) experts/ministers specialised technical committees (STCs) and summits feeding into AU Summit: this implies the harmonisation of RECs and AU statutory meetings at expert, ministerial and heads of state summit. The proposal is to have RECs/regional meetings and summits discuss, deliberate and make recommendations, which will feed into continental decision-making processes with the RECs giving progress reports at AU executive councils and summits. This will promote joint ownership of regional and continental integration agenda by the AU and RECs.
4. AU/RECs Commissioners/Department Forum/ Interface: to complement the twice a year AU/ RECs/UNECA/AfDB Chief Executives Coordination meeting the proposed Commissioners' Forum will be convened on a departmental basis, which will mean AUC/RECs commissioners of different sectors will meet separately to discuss and plan jointly for the next year. This will help to create space and opportunities for synchronisation of efforts in all sectors of integration.
5. Adoption of the Coalition of the Willing and Ready approach: consensus should not mean all in total agreement at all times. Since 'seeing is believing', the approach of 'Coalition of the Willing and Ready' will be more effective to get member states genuinely interested and committed to accelerated continental integration to subscribe to different initiatives based on their own priorities, thus building a critical mass.
6. AUC/RECs 'Board of Directors' model governance structure: perhaps the most radical proposal and potentially most pragmatic and effective way to fast track African integration and development would be the establishment of a common AUC/ REC governance management structure. The

proposed structure would operate like the Board of Directors model where the AUC Chairperson and the Chief Executives of RECs will oversee the management and execution of jointly agreed and planned programmes of RECs and AU summit decisions. This 'Board of Directors' of RECs AUC Chief Executives will report directly to the RECs and AU Ministerial Councils and be accountable to the RECs and AU summits.

Addressing the paradox

From the above it is clear that Africa (governments, AU and the RECs) needs to take some firm decisions and be ready and bold enough to walk the talk. Such decisions include reducing dependency on external partners and thus AU and RECs should start developing a gradual and phased exit strategy from foreign aid (especially as corruption feeds foreign aid); concerted efforts to reverse the illicit financial flows from the continent, re-negotiating fraudulent mining contracts, increasing domestic mobilisation of resources to fund integration and national development, the movement towards pooled sovereignty for the sake of integration; collective negotiations and bargaining at the global stage, accelerating intra-Africa trade and promotion of good governance (including prudent management of natural resources and minimising corruption) to drastically reduce conflicts on the continent. It is imperative that the AU and the RECs should always keep their eyes on the ball: keeping the African people at the centre and heart of integration in addressing the African paradox of 'rich Africa, poor Africans'.

It will amount to stating the obvious: that all the proposals above will just be wishes on paper if the AU and RECs cannot increase their level of self-funding of regional and continental integration activities to ensure ownership and independence of thought, agenda and action. The AU and RECs powered by their member states need to do things differently, not to do the same things the same way and expect different results. Lastly, there is need to reiterate that integration should be the main economic and development strategy for Africa and so African integration is too critical to be left to the diplomats. ■

About the author



Raheemat Momodu is Head ECOWAS Liaison Office to the African Union.

Civil society role in SADC integration: a missed opportunity

by Chenai Mukumba and Muntanga Musiwa

Although the Southern African Development Community (SADC) has made numerous statements about the importance of civil society engagement in its processes, the reality on the ground indicates that there is still much to be done to improve this relationship.

The Southern African Development Community (SADC) regional economic community was established in 1992 with the commitment to 'regional integration and poverty eradication within Southern Africa through economic development and ensuring peace and security'. Since its establishment, statements about the importance of civil society in these processes has littered various speeches and declarations, however, in spite of these commitments, civil society organisation (CSO) engagement with the regional integration agenda has remained limited.

In a people-centred society, the importance of CSOs lies in their ability to bridge the gap between the state and the citizen. Research has shown that both the state and citizens benefit when a dense web of CSOs work to mediate this relationship. This benefit however is not only confined to the national level; the work of CSOs is increasingly beginning to extend far beyond national borders and has the capacity to yield even greater results when allowed to operate across country borders.

Although SADC's engagement with CSOs tends to be fraught with difficulties, SADC does have a number of entry points for CSO engagement with SADC at both the regional and national levels. At the regional level, SADC works primarily through two channels: the Southern Africa Development Community Council of Non Governmental Organisations (SADC-CNGO) and the SADC Civil Society Forum; and at the national level, SADC engages with the SADC national committees (SNC).

Engaging with CSOs

The SADC-CNGO was formed in 1998 to facilitate meaningful engagement of the people in the region with the SADC Secretariat. The SADC-CNGO has a memorandum of cooperation with the SADC Secretariat and aims to facilitate civil society contribution to regional integration for sustainable people-centred development, open and accountable governance and participatory democracy.

The SADC-CNGO is recognised by the SADC Secretariat as its link with civil society in SADC, however there are several parallel CSO formations independent from the SADC-CNGO such as the Southern African Treatment Access Movement



President Jacob Zuma during the 33rd Ordinary SADC Heads of State and Government Summit. Photo: GCIS, flickr.com

(SATAMU) and the Southern African Poverty Network that also serve this function. Additionally, the SADC-CNGO also has some internal deficiencies. In spite of the efforts of the SADC-CNGO to build a structure of civil society interaction with regional policy and institutional frameworks, structured CSO interaction in SADC is lacking.

The second avenue that SADC has for CSOs at the regional level is the SADC Civil Society Forum. This is held during the same time as the Heads of States Summit in an effort to enable CSO to provide input into summit resolutions. It provides space for NGOs, donors, churches, trade unions, social movements and other civil societies to act collaboratively on a wide range of development issues affecting the region.

At the national level, SADC works through National Committees. Article 16A of the SADC Treaty states:

Each Member State shall create a SADC National Committee, which has to consist of key stakeholders which should a) provide input at the national level in

the formulation of SADC policies, strategies and programmes of action; b) coordinate and oversee, at the national level, implementation of SADC programmes of action; c) initiate projects and issue papers as an input to the preparation of the Regional Indicative Strategic Development Plan; and d) create a national steering committee, sub-committees and technical committees.

The key stakeholders referred to in this article include government actors, private sector and civil society including non-governmental organisations, however, these SADC National Committees face a number of challenges.

Lack of awareness and communication

In most of the member states, there tends to be a low level of awareness of SNCs. While regional NGOs have a general knowledge of possible avenues to engage SADC, there is a general lack of awareness about the existence of the SNCs.

The SNC Secretariats also tend to have limited capacities: SNC officials often combine their SNC responsibilities with their day-to-day responsibilities in government and often, these positions are occupied by single individuals. Furthermore, in many cases, the institutional relationship between the various sub-committees and the SNC desk or Secretariat is poor and as such the communication and co-ordination between the SADC Secretariat and the SNCs is low. The other important issue is that SNCs seem to compete with other government initiated consultative forums in other areas. The issue of integration therefore needs to be strategically linked to the government's overall planning.

As structures, there is also a lack of clarity in terms of standardised requirements for the operating of SNCs such as who chairs SNC sub-committees and how often they should meet. As a result, SNC meetings tend to be on an ad hoc basis. There is a need to establish a SADC standard for setting up SNC structures, incorporating guidelines, work procedures, and criteria for membership that is linked to the regional framework for public participation.

Funding is also another big challenge for SNCs as governments are expected to fund their respective SNCs. In order to address this, alternative funding could be explored for

example where participation is encouraged and stakeholders begin to see benefits in terms of policy influence, it is possible that stakeholders such as business organisations may provide additional sources of funding.

Generally, CSOs have struggled to participate in formal SADC-led-regionalism; this is in part due to the deeply rooted statism in Southern Africa that tends to not place a high level of importance on non-state actor engagement. As a result, CSOs have been largely marginalised in SADC regional integration processes, however, if SADC hopes to ensure that its regional integration is inclusive, more effort needs to be undertaken to ensure a participatory approach. Strengthening existing institutions would be the first step in this direction. ■

About the authors



Chenai Mukumba is Centre Coordinator at CUTS International, Lusaka.



Muntanga Musiwa is Assistant Programme Officer at CUTS International, Lusaka.

Indigenous business for regional dynamics in Africa

by Okechukwu C. Iheduru

Large-scale indigenous entrepreneurs are helping shape Africa's regional dynamics. Two West African examples, namely industrial investment and infrastructure development and financial integration, demonstrate the socialisation effects of business in the unfolding drama of new regionalism in Africa.

Business transformation from rent-seekers to 'force for good'?

Until recently, any suggestion that large-scale firms indigenous to Africa existed (except in South Africa) would have been heresy to a world used to an Africa most in need of salvation from poverty, war and famine, starving children, tyrants and warlords. While many of these pathologies still persist, the regional landscape is changing, thanks to home-grown businesses that consider Africa and its developmental needs as the centerpiece of their investment decisions. Their successes have recently been profiled in business and general interest commentaries as a major contributor to the 'Africa rising' narrative.

The question then is whether these indigenous entrepreneurs are capable of constructing a regional identity and framing the values, norms and ideas that could change the way the African region works. In other world regions, business as part of civil society is deeply involved in the regionalisation process, whereas their African counterparts are overwhelmingly portrayed as merely rent-seeking and, therefore, incapable of policy engagement beyond selfish interests. Recent studies have challenged this over-generalisation, documenting ways African entrepreneurs have forged effective policy coalitions for better governance, including acting upon principled beliefs about regional identity as a group or by leading actors to be 'a force for good.' Earlier studies also missed the role of business groups (e.g. the Federation of West African Chambers of Commerce) in the negotiations that culminated in the formation of regional organisations like the Economic Community of West African States (ECOWAS) and the new East African Community.

Regional socialisation

The regional policy role of African business is less about persuading states to adopt particular policies or holding states accountable, and more about the regional socialisation effects of their activities that frame issues and influence the choices of

political decision-makers and other non-state actors. In other words, African regional dynamics are being shaped by both states and the 'private authority' of business and other non-state actors. Private authority refers to "the ability of private actors to establish rules and standards of behavior across borders that end up as being recognised and implemented by agents who never formally delegated their sovereign rights to the bodies in charge of their definition and implementation" (Graz 2012: 1). The effectiveness of regional integration depends on states and non-state actors partnering to develop new discourse, ideas, and norms within international institutions.

Among the non-state actors forging new regional dynamics in Africa are indigenous entrepreneurs whose profit motive is shaped by the sense of place and belongingness to lead efforts to resuscitate Africa from development failures that decades of 'dead aid' and charity could not prevent. Most of these entrepreneurs emerged in the aftermath of the economic crisis and structural adjustment programmes of the 1970s and 1980s that led to the liberalisation of African economies. Foreign businesses pulled out, leaving Africans to fill the vacuum. Mr Tony O. Elumelu, former CEO of United Bank for Africa, coined the term, 'Africapitalism' in 2010 to express this pan-African 'business patriotism':

The answer to Africa's development challenge is in the hands of Africans - not Americans, Europeans, or Chinese. The answer will not come from Development Bank initiatives, aid incentives, or relief programs. And the goodwill of others, however well intentioned, will never be enough to empower our industries...What we need are more capitalists with a passion for Africa. What we need are 'Africapitalists'.

African governments soon warmed up to indigenous business as partners in long-term economic growth and sustainable development; while regional organisations - seeking to shore up their democratic credentials - opened up limited spaces for regional engagement by business and other



Haatso Ecobank, Ghana. Photo: Pap Jeff, flickr.com

civil society organisations. The result is a 'new regionalism,' a social project co-constructed and legitimated by multi-stakeholder actors. This perspective of regionalism contrasts with the neoliberal simplification of globalisation as the singular force inexorably leading to global convergence of regional economic thought and policies. Discussed below are two policy domains drawn from West Africa, namely (i) industrial and investment policies and infrastructure development, and (ii) private sector-led financial integration, that demonstrate the role of business in the unfolding drama of new regionalism in Africa.

Industrial and investment policies, and infrastructure development

Infrastructure investment in Africa has risen, especially since 2006, so much that the World Bank attributed more than half of the region's recent improved growth performance to infrastructure. According to the African Development Bank president, Akinwumi Adesina:

As we open up Africa with high quality regional infrastructure - especially rail, transnational highways, information and communications, air and maritime transport - Africa will witness a phenomenal boost in intra-African and global trade; the entrepreneurial spirit of small and large businesses, and millions of our young people, will be unleashed.

These sentiments capture the wide agreement about the positive relationship between adequate infrastructure provision and economic growth and regional development. The under-provision of infrastructure, however, increases costs to businesses, and makes industrialisation and investments unprofitable.

In West Africa, business has used national and regional forums, particularly the biennial West African Industrial Forum established in the mid-1990s, as platforms to pressure governments to make the region more business-friendly and to promote regional industrial investments. Their West African

Industrial Master Plan that identified strategies for stimulating regional economic development and external investment was adopted by ECOWAS in 2001. Like many ECOWAS policies, however, it was never implemented, partly because of the region's inability to attract investment capital to the identified projects. Consequently, in 2012, representatives of business and the ECOWAS Commission developed an ECOWAS Investment Code and Policy which was legalised by the organisation in 2014 and strengthened with a regional Competitions Act and regional and national councils for the ECOWAS Common Investment Market.

The ECOWAS Commission has also facilitated the formation of, and partnered with, several regional business groups on a wide range of projects, including tackling the problem of infrastructure drag on regional integration. One example is the Lomé-based ASKY Airlines established in 2009 as a joint enterprise by ECOWAS and multinational business groups as a successor to the multinational Air Afrique that collapsed in 2002. The airline currently serves 22 intra-Africa destinations; carries 10,000 passengers weekly; and partners with intra-African postal and passenger services which hitherto passed through Europe before reaching their African destinations. Similarly, in 2009, a US\$60 million regional shipping company called Sealink was established in Dakar by a consortium of business associations in West and Central Africa in partnership with state agencies, ECOWAS Commission, Francophone West African Development Bank, and African Development Bank. NEPAD Business Groups have also become strong advocates for a liberalised market to drive sustainable development.

Business and financial sector integration

The clearest evidence of the impact of business on Africa's regional dynamics is the 'private authority' exercised by leading banks across the region. Leading the charge is Ecobank Transnational Inc. or 'the Ecobank Group', a pan-African financial institution whose dual-mission - commitment

to economic prosperity and social wealth - has had demonstrable socialisation effects on the regional identity of Africa's major banks, governments and other non-state actors. The Ecobank Group was founded in October 1985 in Lomé, Togo, as a private sector regional bank initiative led by the Federation of West African Chambers of Commerce and Industry supported by ECOWAS. It commenced operations in 1988 with an authorised capital of US\$100 million and paid up capital of US\$32 million, raised from over 1,500 individuals and institutions from across West Africa.

At the time, there were hardly any commercial banks owned and managed entirely by the African private sector because the industry was dominated by foreign and state-owned banks. Due to severe economic austerity, foreign banks like Barclays and Citibank pulled out of the region. The audacity to believe that this fledgling bank would fill the vacuum left by foreign banks, and also champion a pan-African vision of bridging the differences and mistrust between the French and English speaking countries in the region, seemed irrational at the time. During its 20th anniversary in 2008, the Group CEO re-stated the bank's mission as follows:

We have a dual mission, a commercial mission which is to make a return and run a world-class African bank. We also have another mission, which is equally important, and that is the economic and financial integration of Africa. We are positive on Africa and Africans and it is our responsibility to build African capacity and go where others might fear to tread so that we can encourage them to join us [Ecobank 2008:2;].

Today, Ecobank is one of the few genuinely pan-African companies of scale, and Africa's sixth largest full-service regional bank. The Group, which is now owned by more than 600,000 local and international institutional and individual shareholders, is probably West Africa's first multinational corporation with subsidiaries and branches in 39 West, Central, and Southern African countries, as well as branches in major world financial capitals. By 2015, its 19,565 multinational employees in 1,305 global branch networks and offices made Ecobank the largest employer of labour in the financial sector industry in Middle Africa. In 2015, they managed revenue of

US\$4.28 billion, net income of US\$398 million, total assets and equity of US\$40 billion and US\$6.65 billion respectively, and 10 million customers.

Integrative and regional socialisation effects

Ecobank's pan-African vision led it to pioneer the provision of formal banking and financial solutions to some of the most underserved African countries, increasing the level of credit available to businesses and households, especially cross-border traders. More than any of Africa's 500 banks, it has increased financing for critical sectors, such as agribusiness, education, health, housing, and infrastructure (shunned by many full-service, especially foreign-affiliated private sector banks) to more effectively increase regional impact. In 2011, Ecobank was recognised by the Bill & Melinda Gates Foundation as 'a force for good' and contracted to manage the Foundation's US\$6 million Financial Services for the Poor's grant initiative targeting 10 million low-cost savings accounts in rural and poor neighborhoods in Africa.

Perhaps Ecobank's most integrative exercise of private authority occurred in 2001 when it became the sole issuer/regulator of a regional health insurance scheme, and (since 1998) the primary issuer of ECOWAS traveler's checks and complementary ECOWAS Travel Certificate, presently in circulation in eight member states, to its customers. These instruments were introduced to implement the 1978 ECOWAS Protocol on Free Movement of People and Goods. About 50% of the estimated 4.5 million of the region's cross-border travelers do not have identity and travel documents, making them easy prey for bribery and extortion by border control officials.

Ecobank therefore is not just a firm; it epitomises the pan-African values driving regional integration in Africa. As the bank itself stated in 2008, *'Africa is experiencing positive change. Ecobank is part of that change. We already feel part and parcel of the renaissance and growth that is taking place on the continent. Ecobankers are ardent believers in Africa. As we say, Ecobank does not have a strategy for Africa. Africa is our strategy.'* Other (mostly Nigerian) banks rapidly expanded cross-border, acquiring formerly government-controlled

banks and other financial institutions, and similarly (re)defined their identities. The Ecobank story influenced Mr Elumelu's transformation of United Bank for Africa into one of Africa's biggest multinational banks anchored on his 'Africapitalism' philosophy which has since captured the imagination of many African entrepreneurs to refocus their minds on what it means to be African in Africa. Even South Africa's Barclays Africa Bank sold off its global operations and focused more on becoming an African bank after it had been burned badly by its global exposure during the 2008 global financial crisis. It has not wavered on its 'vote for Africa' even after Barclays Bank, its UK parent, divested its African interests earlier in 2016.

The emergence of relatively strong cross-border banks also strengthened their capacity for cross-border policy interventions to deepen financial integration. For example, an emboldened West African Bankers Association recently created new institutions such as the West Africa Interbank Payment System and the West African Clearing House to enable regional banks to establish intra-regional letters of credit to facilitate intra-regional trade, instead of the prevailing tripartite arrangements with banks in Europe and America.

Sustainability of business role in regional dynamics

Significantly, commitment to pan-African identity does not appear to have hurt the profit mission of region-centric banks and industrial and infrastructure investors. For example, since 2007, Ecobank has garnered numerous local and international awards for its unparalleled reach in Africa, especially providing the banking infrastructure for Africa's rising middle class. It won the 2016 Financial Inclusion award while its CEO won the 2015 African Banker of the Year award, both from the African Development Bank. However, between 2012 and 2014, South African and Qatari investors acquired 52.8% interest in Ecobank. Hitherto its largest shareholder had been ECOWAS Bank for Investment and Development (formerly ECOWAS Fund), the development finance arm of ECOWAS whose initial start-up capital of US\$10 million was provided by the Nigerian government. The changed ownership of Ecobank and recent revelations of discretionary budgetary and tax rents

granted to some multinational 'Africapitalist' firms that drained the treasury and drove hundreds of other entrepreneurs out of business in some of Africa's largest economies amplify concerns about the 'sovereign' limits and legitimacy of non-democratic private authority as leaders of regional integration. Future empirical studies should help establish how truly different 'Africapitalist' firms are from their rent-seeking cousins. Moreover, greater integration in the global economy may complicate the dual-mission commitments of African business and by extension their capacity to create social capital and advocate for good regional governance. Thus, whether or not the Ecobanks of Africa will continue to retain their regional identity and regional socialisation effects will be interesting to watch going forward. ■

References:

1. BCG. 2010. *The African Challengers: Global Competitors Emerge From the Overlooked Continent* (Boston: Boston Consulting Group).
2. Ecobank. 2008. "Ecobank Group Celebrates Landmark 20th Anniversary," *Ecobank Newsletter*, November 11.
3. Economist. 2014. The Rise of Africapitalism, *The Economist*, vol. 413, 22 November (Supplement), p. 84.
4. Elumelu, T. O. 2013. 'Africapitalists' Hold the Key to Africa's Future, *New African*, No. 528 (May), p. 50.
5. Graz, J-C. 2012. Private Regulation in the World Economy, *Academic Foresights*, No. 3 (January-March). Available at: http://www.academic-foresights.com/Private_Regulation.html; accessed 25 August 2014.

About the author



Prof Okechukwu C. Iheduru is a Professor of Political Science in the School of Politics and Global Studies and Thunderbird School of Global Management at Arizona State University, USA.

A collaborative platform promoting regional integration

by Marianne Camerer

Issues of visas, free movement of people, encouraging cultural, academic, leadership exchanges are crucial and key to regional integration. Governments need to be a key part of the conversation and encouraged not to be limited by national domestic agendas for short political gain.

African economic integration remains a critical pillar for the continent's industrialisation and development. Yet the focus of the discussion on the weakness of Africa's integration agenda continues to advance the same views, namely the lack of political will, negligible intra-continental trade, and poor implementation of targeted milestones.

Building Bridges is a leadership platform at the University of Cape Town that seeks to leverage the unique convening power of the university environment to bring together influential Africans and others to deepen understanding of the key challenges affecting our continent, including how to promote regional integration.

The approach of the Graduate School of Development Policy and Practice (GSDPP), in partnership with several African institutions, has been to bring people together in informal forums, to facilitate an inter-generational exchange of ideas. We convened several meetings to broaden the conversation on regional integration outside of regional economic communities (RECs) and political

and technocratic corridors by hosting several conversations between different stakeholders, in different locations, characterised by an informal, frank and largely ego-free exchanges where titles and positions were left at the door.

Using a political economy lens the meetings (six in total) in four different cities (Cape Town, Dar es Salaam, Dakar and Lusaka) sought to understand where things stand on progress for, the drivers of, and challenges and obstacles to regional integration. Our guiding rationale was how do we build coalitions to support reform and to neutralise the forces standing in the way?

Leadership, partnership and, most importantly, participation ensured that these conversations happened under the collaborative platform of Building Bridges in order to generate collective understanding and build new networks. Arguably the process was as important as the content. Along with the 'knowledge in the room' we drew on the excellent research content contributions of, among others, UNECA, AfDB, ECDFM, and the World Bank to inform the process. We brought together experts, policymakers, young African

leaders, business people, civil society activists, media and public officials in a facilitated inter-generational dialogue.

The stewardship of Senior Fellows, Professors Thandika Mkandawire and Trevor Manuel, was key in crafting the agenda for each meeting; the Partnership of the UONGOZI Institute of Sustainable African Leadership in Tanzania, the Council for the Development of Social Science Research in Africa (CODESRIA) who co-hosted our Dakar meeting, and the UNECA Regional Office for Southern Africa based in Lusaka, Zambia, ensured we were able to draw in over 140 participants from 20 African countries.

The four main points that came from these conversations were:

1. Relying on RECs and institutions like the AU is necessary but not a sufficient condition to drive successful integration. People at all levels need to be involved to see the point of integration as it affects their interests.
2. Key investments in infrastructure and industrialisation policies need



Students at the University of Cape Town on the steps of Jameson Hall. Photo: Ian Barbour, flickr.com

to be deliberate to create regional value chains that are necessary to grow the market for African goods. This is not happening deliberately enough.

3. The alignment of domestic and regional agendas in terms of harmonisation is also not happening. Domestic priorities are just that and trump proposed regional commitments. Politicians are not being held accountable for commitments they make. Parliaments and parliamentarians are largely absent from the conversation.
4. Measuring regional integration through trade and financial flows may not be ideal mechanisms. The Regional Integration Index goes some way to capturing the various dimensions of integration.

For researchers at the University of Cape Town wanting to encourage academic exchanges, the difficulty of the visa regimes in Africa is an added challenge. In addition, some of the participants in our Leading in Public Life Young African Leaders programme (from Kenya,

Nigeria, Ghana, Zambia, Tanzania, Zimbabwe, Uganda and South Africa) were anxious about the reception they would receive, having followed reports of recent xenophobic attacks. It is clear that it is South Africans who benefit the most from interacting with their African peers.

Issues of visas, free movement of people, encouraging cultural, academic, leadership exchanges are crucial and key to regional integration. Getting it right affects each one of us and our interests. Governments are the ones who make laws so they need to be a key part of the conversation, and encouraged not to be limited by national domestic agendas for short political gain. ■

A recent report on African Economic Integration is available at www.gsdpp.uct.ac.za

About the author



Dr Marianne Camerer is the Building Bridges Programme Director at the Graduate School of Development Policy and Practice (GSDPP) at the University of Cape Town.

Promoting business ‘un’usual for food security

by Sean Woolfrey

More inclusive and commercially relevant approaches are needed to ensure regional cooperation under CAADP yields concrete results for agricultural transformation and food security, but such approaches are not without their challenges.

Regional CAADP cooperation

Under the Comprehensive Africa Agriculture Development Programme (CAADP), Africa’s overarching policy framework for agricultural transformation and food security, Africa’s regional economic communities (RECs) are meant to develop Regional CAADP Compacts and Investment Plans, detailing areas of joint collaboration between their member states. The logic behind this is that many obstacles to agricultural transformation and food security in Africa – including various barriers to trade in food staples – require regional solutions, and cannot be solved by individual states acting alone. Effective CAADP implementation therefore requires regional cooperation to support and complement national processes.

ECDPM has been working with the Common Market for Eastern and Southern Africa (COMESA) to give effect to COMESA’s Regional CAADP Compact. In particular, ECDPM has provided technical support to COMESA to develop the first of a number of regional agricultural investment programmes that will specify concrete activities to promote agricultural transformation and food security in Eastern and Southern Africa. This first programme is called the Regional Investment Programme in Agriculture - Priority Area 2 (RIPA-II), as its overarching focus is in line with Priority Area 2 of COMESA’s Regional CAADP Compact - removing barriers to agricultural trade and linking farmers to markets.

Promoting ‘business unusual’

One of the key outputs of RIPA-II is the establishment of public-private dialogue platforms to support the development of priority regional agro-food value chains. While many initiatives already promote value chains and/or public-private partnerships (PPPs) in Africa, evaluations have shown that

such initiatives have typically lacked: 1) adequate monitoring of the implementation and impact of policy reforms; 2) effective medium-term financial and technical follow-up to support farmer/SME participation in value chains; 3) holistic and coordinated approaches to tackling the various challenges faced by rural entrepreneurs; and 4) proper analysis of the political environment and relevant political economy dynamics. RIPA-II aims to build on existing initiatives to promote regional value chains by addressing these omissions.

Moreover, RIPA-II seeks to promote ‘business unusual’ in order to achieve concrete results from regional cooperation. There is increasing recognition that regional processes in Africa have failed to live up to expectations, and that new, more inclusive, approaches are needed. For example, Frederik Söderbaum and Therese Brolin note that RECs and other regional organisations engaged in traditional state-led, ‘top-down’, regional processes have often failed to include private businesses and civil society actors meaningfully in these processes and to ensure that regional processes are truly relevant to such non-state actors. For Söderbaum and Brolin it is this marginalisation of the “‘bottom-up’ forces of regionalization” that largely explains why “the results of ‘top-down’ regionalism in Africa have been so modest”. In line with this thinking, and with the CAADP principles of inclusiveness and mutual accountability, RIPA-II seeks to promote an inclusive, bottom-up, approach to regional cooperation, and to ensure all relevant stakeholders, including private businesses, smallholder farmers and small-scale traders are able to contribute to the design of RIPA-II interventions. In this regard, the participation of farmer organisations, such as the East African Farmers Federation (EAF), and private sector associations, such as the Eastern



Farmland, Rwanda. Photo: Adam Cohn, flickr.com

and Southern Africa Dairy Association (ESADA), is crucial. To ensure both political and commercial buy-in to the regional value chain dialogue platforms, as well as their relevance to private sector actors, these platforms focus on subsets of COMESA member states that have demonstrated an interest in working together to promote regional trade in a particular agro-food sector. The platforms also seek to address specific key political and technical bottlenecks inhibiting the development of that sector in the targeted sub-region. Thus, the first platform to be established under RIPA-II, the Regional Dairy Platform, involves only three COMESA countries, Kenya, Uganda and Rwanda, and will address milk quality standards, market information and business development services and the strengthening of key institutions. This pilot platform is also intended to serve as proof of concept of the RIPA-II approach, hopefully demonstrating the value of engaging in regional processes.

Drivers and constraints

Although RIPA-II will only be implemented once the programme has been officially endorsed by COMESA member states in the second half of 2016, significant progress has already been achieved in laying the groundwork for a more bottom-up approach to regional cooperation. This groundwork has also demonstrated how certain actors and factors can drive or inhibit regional cooperation. For example, the lack of trust between stakeholders complicates efforts to build effective, inclusive partnerships for regional cooperation under CAADP. Farmer organisations worry that value chain initiatives will benefit large corporates and marginalise farmers, private businesses and their representatives are skeptical about the commercial benefits of engaging in processes led by

COMESA, while other regional organisations are wary about the creation of new structures that they perceive as infringing on what they are already doing.

By aligning RIPA-II with the interests of these stakeholders, COMESA has been able to incentivise their engagement. But this process is not straightforward as stakeholders have various and at times conflicting interests in regional cooperation for agricultural transformation and food security. For example, in the context of the dairy sector in Eastern Africa, the interests of large, formal dairy processors in the implementation and enforcement of milk quality standards are not necessarily aligned with the interests of small-scale dairy farmers and informal traders who might struggle to operate in a more tightly regulated environment. For such reasons, ensuring meaningful inclusivity (e.g. by including representation of smallholder farmers through regional farmer organisations) and balancing the need for inclusivity and the need to demonstrate commercial relevance remains an ongoing challenge for regional CAADP processes.

Another ongoing challenge for COMESA is ensuring member state ownership of the regional CAADP agenda. COMESA member states have until now exhibited a less-than ideal level of ownership of the regional CAADP agenda in Eastern and Southern Africa. While this problem has been addressed somewhat in the context of RIPA-II by focusing on the establishment of value chain dialogue platforms involving member states that have demonstrated an interest in participating in such an initiatives, the ownership problem remains significant in the context of broader cooperation around COMESA CAADP processes. Significantly, COMESA member states have failed to provide financial support to the regional CAADP agenda, resulting in COMESA CAADP structures and processes becoming totally reliant on donor

funding, and corresponding challenges in terms of the sustainability of such an arrangement.

Indeed, the RIPA-II experience has also demonstrated that while donor support remains crucial for regional processes, the way in which this support is provided can impact positively or negatively on the likelihood of successful implementation. Donors supported the establishment of a CAADP Unit at the COMESA Secretariat to oversee the regional CAADP agenda, but this unit, being staffed by experts hired on temporary contracts, was not fully embedded in COMESA structures. Hence when donor support for CAADP implementation through COMESA dried up at the end of 2015, the CAADP Unit, having been unable to mobilise support from alternative sources, was disbanded. Although the Industry and Agriculture Division at the COMESA Secretariat has since taken on responsibility for COMESA CAADP processes, some institutional memory within the COMESA Secretariat on CAADP processes has been lost. Were it not for the fact that ECDPM has been able to play a 'bridging' role to ensure continuity in the RIPA-II design process, it is likely that this loss of institutional memory would have compromised effective implementation of the programme.

Finally, the RIPA-II process has also demonstrated that despite the commonly observed gap between formal decisions and actual implementation of regional agendas, high-level political commitments taken at the regional and/or continental level do provide an important element of legitimacy to regional processes and can help to generate momentum for action. Notably, the commitments made by African Union (AU) heads of state and government at the 2014 AU Summit in Malabo, Equatorial Guinea, to triple intra-African trade in agriculture and strengthen regional agricultural value chains, have been helpful for convincing skeptical stakeholders of the logic of RIPA-II and of the relevance and importance of engaging in the process.

Lessons for regional cooperation

A recent ECDPM study into the political economy of regional integration in Africa (PERIA) (see article by Vanheukelom and Byiers in this issue), recommended an "A, B, C for forming or supporting regional policy or reforms" - revisiting *Ambitions* in terms of feasibility, focusing on *Brokerage* as a key approach and working with relevant *Champions* to drive regional cooperation. ECDPM's experience in working with COMESA on RIPA-II broadly supports such an approach. In terms of ambitions, the focus of the RIPA-II value chain dialogue platforms on subsets of willing COMESA member states and on addressing specific priority bottlenecks of relevance to stakeholders has allowed for more concrete engagement with stakeholders and the building of real momentum for reform.

The process of designing a Regional Dairy Platform under RIPA-II has also confirmed the importance of the role played by 'independent' brokers such as ECDPM in brokering frank dialogue between stakeholders from the public sector, private sector and civil society, so as to build trust between them. Without such dialogue, existing levels of mistrust between these stakeholders would prohibit the kind of public-private

collective action required to address bottlenecks to the development of the dairy value chain in Eastern Africa.

Finally, while the hard work of moving from dialogue to collective action still remains to be done, it is already clear that regional 'champions' – organisations with the mandates and capacities to drive (or block) particular aspects of the regional cooperation agenda – will be key to the success of the value chain platforms to be established under RIPA-II. Without the support and leadership of these organisations, regional cooperation is unlikely to be successful and reform efforts may even be opposed. This is why the Regional Dairy Platform seeks to put identified champions such as ESADA and EAFF in the lead in terms of addressing specific bottlenecks most relevant to their institutional mandates and interests. ■

For more, visit:

<http://caadp.comesa.int/en/news/value-chain-platforms-key-to-market-access-and-trade-facilitation-kalonji/> for a report on the RIPA-II Validation Workshop held in Lusaka, Zambia, in December 2015, and <http://ecdpm.org/events/technical-workshop-regional-dairy-value-chain-development/> for an example of ECDPM's work to support the design of RIPA-II.

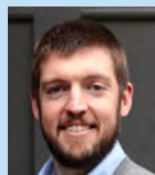
Further reading:

Bingi, S., Tondel, F. 2015. *Recent developments in the dairy sector in Eastern Africa: Towards a regional policy framework for value chain development*. ECDPM Briefing Note 78. Maastricht: ECDPM.

Söderbaum, F. and T. Brolin. 2016. *Support to regional cooperation and integration in Africa: What works and why?* Expertgruppen for bistandsanalys (EBA).

Vanheukelom, J., B. Byiers, S. Bilal and S. Woolfrey (2016). *The political economy of regional integration in Africa. What drives and constrains regional organisations?* Synthesis Report. Maastricht: ECDPM. (<http://ecdpm.org/peria>)

About the author



Sean Woolfrey is Policy Officer for the Food Security and Economic Transformation and Trade Programmes at ECDPM.

Railway rivalry in the East African Community

by Brian Cooksey

Politics rather than economics are driving multi-billion dollar investments in new ports and railways.



Uganda railway. Photo: John Hanson, flickr.com

Commentators agree that Africa needs huge investment to bridge the 'infrastructural deficit' after decades of neglect. In recent years, East African Community (EAC) members have launched transport projects worth tens of billions of US dollars. A Chinese contractor is building a standard gauge railway (SGR) from Mombasa to Nairobi and (perhaps) Kampala and Kigali (see map on page 36). The Mombasa-Nairobi phase of the project is estimated to cost KES327 billion (US\$3.8 billion), 90% financed by China's Exim Bank. The new line will run parallel to the existing meter ('narrow') gauge railway. The proposed Lamu Port Southern Sudan-Ethiopia Transport (LAPSSET) project

consists of a new port, a 3,250 km standard gauge railway line, and other projects costing an estimated US\$23 billion. In Tanzania, large projects underway or planned include upgrading Dar es Salaam port (US\$500 million), building a new port at Bagamoyo (US\$10 billion), upgrading the current central railway line from Dar to Isaka (US\$300 million), and constructing a SG railway linking Dar es Salaam with Rwanda and Burundi (US\$7.6 billion).

Cost concerns

Although the EAC desperately needs more and better infrastructure, the economic viability of some of the proposed investments has been

questioned, given the enormous costs involved and possible cheaper and less risky alternatives in rehabilitation and upgrading existing facilities. Soft loans from China's Exim Bank are financing most of the SG railway projects, while both Kenya and Tanzania have introduced a Railway Development Levy on imports to help cover local costs.

Apart from finance, other vital issues that have not been addressed are how the railways will claw back freight from the roads, and, crucially, how the new facilities will be managed and regulated. Tanzania and Kenya compete to serve the transit trade of Uganda, Rwanda, and Burundi, whose landlocked geography gives all three (and other

non-EAC neighbours) a keen interest in the cost, safety and convenience of trading through Dar or Mombasa. 80% of Uganda's imports pass through Mombasa, while Rwanda and Burundi depend on both Dar and Mombasa for imports and exports. Services have improved at Mombasa and Dar es Salaam ports in recent years, but there is still a long way to go to reach international standards. According to the World Bank (WB), inefficiency and corruption in managing Dar port and the Central Railway are estimated to cost EAC countries US\$2.6 billion a year.

feasibility and design of the SGR, and the contract was awarded to China Road and Bridge Corporation (CRBC). Thereafter, there was no competitive tendering or public oversight of the procurement process. CRBC was involved in 'all aspects of the project', including the feasibility study, project design, cost, and finance, 'and was then handed the contract to build.'

Critical voices included Transparency International Kenya, who ran a campaign to stop the SG project on the grounds that it would 'cripple the country financially'; ignored procurement rules; and was unnecessary given

Ruto retorted: "No one and nothing will stop us from building the railway..."

In June, the tender to manage the new line when completed was awarded to China Communications Construction Company (CCCC), parent company of CRBC. On completion of Phase 1 of the SGR, Kenya will have competing railway lines from Mombasa to Nairobi. Rift Valley Railways (RVR), the concessionaire for the existing railway, plans to claim compensation from the Kenyan government for loss of custom to the SG line. RVR effectively helps finance SG through the 1.5% Railway Development Levy paid on all imports. RVR's performance has improved in recent years, but the SGR has put into question the future of the concession, and further investments are on hold.

Parallel lines

The economic viability of the SGR option was challenged in a 2009 study by Canadian Pacific Consulting Services (CPSC), which concluded that the benefit of replacing narrow gauge by SG would be marginal. The conversion of the entire EAC rail backbone to SG was considered 'cost prohibitive' using 'even the most optimistic' traffic and income projections. On the basis of this report, the EAC Secretariat produced a regional Railways Master Plan that foresaw the growth of rail traffic in the region from 3.7 million tonnes in 2007 to 21 million tonnes by 2030, using the existing track. This Master Plan was superseded by a pro-SGR version that made no mention of the CPSC findings.

Pro-SG lobbies dominate public discourse. Justifications for the SG option include: increased freight carrying capacity, reduced wear and tear on the roads, and greater speed. According to President Kenyatta, the inefficiency of the rail system 'has placed a disproportionate burden on the slow, cumbersome and more costly road network.' Thus, 'the cost of goods and services is unduly high and ... uncompetitive.'

The Tanzanian government also



This map was produced by Africa Confidential. Permission for re-use should be obtained from Africa Confidential.

Flawed procurement

Large investments in railway upgrading designed to complement port improvements are also underway, but they have been marred by lack of transparency and competent economic analysis. In March 2010, Kenyan transport minister Amos Kimunya cancelled the procurement process that Kenya Railways had initiated for

the upgrade option. In January 2014, John Githongo wrote an open letter to President Kenyatta questioning the credentials of the SGR contractor CRBC and the inflated cost of the project.

Economist and commentator David Ndii flagged the likely negative effects of railway duplication on the budget and the national debt. In response to these and other critics, Vice President William

(1,435 km) which declared the project feasible and attractive to private investors. This and subsequent detailed engineering proposals were based on the assumption that a new SGR would be built from Dar to Isaka. When in March 2014 the Tanzanian government agreed a US\$300 million project to upgrade the existing track to Isaka, there was still no public discussion of SGR. In April, the SGR option was proposed publicly for the first time, and finally in March 2015, Minister of Transport Samuel Sitta announced that Tanzania was embarking on a 2,500 km SG railway costing an estimated US\$7.6 billion. In collaboration with the World Economic Forum, the government appointed American financial advisory group Rothschild as a transaction adviser. If both projects go ahead, Dar to Isaka will also have competing parallel railway lines.

New rail viability

Apart from the CPCS, the main critical voice in the SG debate has been the World Bank, who insisted that rehabilitation was the better policy option. A WB transport specialist argued that the “Business case for railway depends on the improvement of train availability, reliability, punctuality, and financial sustainability, not the size of track gauge.”

Since politics is driving the SG projects in both Kenya and Tanzania, it is possible that certain categories of goods will be obliged by law to use the railway. There are no studies that would allow an assessment of the economics of transporting goods by rail or road. It is assumed that passenger services will also be provided, irrespective of their economic justification. In 2011, the EAC Secretariat made the following comment on transport policy:

... there is no indication that partner states intend relinquishing their ownership role to the EAC. They will therefore remain responsible for the planning of, investment in and operation of

their transport assets.... The role of the Community will be to guide partner states on the components of the transport system that are of regional importance...

Still, the Secretariat’s advice to rehabilitate the existing track was overruled in favour of the SG option. Issues of governance, management and profitability in a context where past PPPs have largely failed are ignored. The enormous costs involved stretch national budgets and add to the national debt. How rail transport will claw back enough freight from the politically well-connected trucking industry to make rail financially viable is not explained.

Political domination

For better or worse, political relations between EAC elites strongly influence which infrastructure projects will be implemented. Since President Magufuli came to power in late 2015, warm relations have been established between Tanzanian and Rwandan heads of state. In April 2016, Uganda decided that a US\$4 billion oil pipeline would go through Tanzania, scrapping a previous agreement with Kenya. In May, Rwanda announced that it planned to build its SG railway through Tanzania instead of Kenya. In turn, Kenya announced that the planned SG project might have to end at the Ugandan border, since Uganda appeared to be no longer committed to its part of the project.

The above discussion suggests that there is little or no effective coordination of transport policy in the EAC. Dar es Salaam and Mombasa ports are being upgraded at considerable cost while new ports are planned with huge additional handling capacities. The decision to invest in SG railways was made in the absence of any plans on how to phase the transition from narrow to standard gauge. The Tanzanian government negotiated with the World Bank to upgrade the Dar-Isaka line while at the same time negotiating with Chinese companies over the SG plan.

There is no public discussion on

how policy will encourage (or force) a massive transfer of freight from road to railway. While ruling elites are the ultimate drivers of major rail investments, they are also influential in road transport policy. EAC governments are committed to private investment and management of the new railways, but it is difficult to imagine robust private participation without state protection, meaning further tinkering with the market mechanisms that should be driving the transport sector. For the moment, politics dominates transport coordination in the EAC, with the Arusha secretariat playing little or no significant role. ■

The author has also written [a discussion paper for ECDPM on Tanzania and the East African Community: A comparative political economy](#) and contributed to [ECDPM's Political Economy of Regional Integration in Africa – East African Community Report](#) with Chapter 3 on Transport Infrastructure.

About the author



Brian Cooksey is an independent researcher

Talking Points

Our blogs aim to deepen the dialogue on policy issues, and get to the heart of the matter in an honest and concise way.



Brexit: First post-referendum thoughts

Talking Points, Geert Laporte, Andrew Sherriff, Volker Hauck, San Bilal, 1 July 2016.

In what has been regarded as one of the most significant events in European history in the last 40 years, the UK has voted in referendum to leave the EU. This result is going to have a considerable impact on Europe and Africa, including the various specific areas in which ECDPM is working.



Global Alliance for Climate Smart Agriculture: A renewed research and dialogue agenda is needed

Talking Points, Francesco Rampa, 24 June 2016

One of the most pressing global challenges is making our food systems more sustainable. As part of that, there is no other option than making agriculture “climate-smart”. This requires combining sustainable increases of agricultural productivity, adaptation to climate change, and reduction of greenhouse gases and deforestation.



Development diplomacy in the #EUGlobalStrategy: No slip of the tongue

Talking Points, Damien Helly, 11 May 2016

Unless heads of State decide otherwise, the EU will have a new Global Strategy for foreign and security policy by the end of June. One of the building blocks of the EU Global Strategy (here referred to as EUGS for the sake of brevity) is development diplomacy. The latter, in line with the new 2030 Agenda on Sustainable Development Goals, focuses on prosperity, human dignity and sustainability.



CAADP's future? Focus on informal private sector and politics!

Talking Points, Francesco Rampa, 29 April 2016

Two weeks ago, in Accra, I attended the CAADP Partnership Platform, the annual event where all stakeholders get together to discuss progress with CAADP implementation. Unfortunately, like in my assessment last year, there was “little walk” on the promise to “walk the talk” and deliver concretely on the agricultural transformation commitments of the AU Malabo Declaration.

The Weekly Compass



Want to know the direction in which development cooperation is sailing? Stay informed of all the latest news on EU-Africa and EU-ACP development cooperation with the ECDPM Weekly Compass (WECO)

The future of ACP-EU relations: What role for the African Union?

Weekly Newsletter, 8 July 2016

The African Union Commission has published a report, to be distributed to Heads of Government at the African Union Summit next week, of their December 2015 Fridays of the Commission debate (organised in cooperation with ECDPM and the Friedrich Ebert Foundation) that explored options for ACP-EU relations after the current Cotonou Agreement expires in 2020. The Bulletin presents the conclusions from the meeting which took into account the rapidly changing global and African contexts including the emergence of the African Union, as the leading pan-African institution, and the growing role of the Regional Economic Communities (RECs). It also includes articles by senior AUC officials and African experts on whether the current ACP-EU partnership is still relevant from a political economy perspective in dealing with the global challenges and possible alternative frameworks that could deal with Africa's interests and the partnership with Europe beyond 2020. It includes an article from ECDPM's Geert Laporte on the need to go beyond business as usual.

Strengthening the migration-development nexus through improved policy and institutional coherence

Weekly Newsletter, 24 June 2016

This Global Knowledge Partnership on Migration and Development (KNOMAD) paper by the OECD Development Centre's Amy Hong and ECDPM's Anna Knoll recommends that policy and institutional coherence for migration and development (PICMD) be pursued at intragovernmental, intergovernmental, multilateral, and multi-stakeholder levels. They define three broad categories of policies that are relevant to the migration-development nexus - migration policies (narrowly conceived); sectoral policies not specific to migration, yet which nonetheless affect or are affected by migration; and migration-related development policies - and explore potential synergies, incoherencies, and solutions in each of these groupings. The paper also identifies research gaps in the area of PICMD - these include gaps related to data collection and analysis, policy formulation and implementation, and the impact and coherence of policies.

Multi-stakeholder partnerships in the gold sector in Ghana

Weekly Newsletter, 20 June 2016

Multi-stakeholder partnerships, particularly those that combine commercially driven private sector operations with a more socially-grounded community-based approach, are seen as a key means for achieving the 2030 Agenda for sustainable development. This ECDPM Discussion Paper examines Golden Star Resources, and its subsidiary company Golden Star Oil Palm Plantation, in Western Ghana an award-winning partnership that creatively aligns with the local context in rural Ghana, creating income and revenue in the communities outside the mining value chain. Agencies that wish to invest in such multi-stakeholder partnerships should consider the interests and drivers of all stakeholders. Independent facilitation of corporate social responsibility can maximise the sustainability and value added of innovation in multi-stakeholder partnerships.

A new EU strategic approach to global development, resilience and sustainability

Weekly Newsletter, 10 June 2016

The new EU Global Strategy (EUGS) and the 2030 Sustainable Development Goals (SDG) Agenda provide an opportunity for the EU to refresh its global approach to development cooperation. The EUGS could promote resilience through coherence between internal and external policies, in line with the 2030 Agenda, argue Istituto Afari Internazionali (IAI) and ECDPM in this joint paper. The EUGS could establish a new EU approach to development combining resilience, development and conflict sensitivity. As a multi-diplomacy umbrella document fostering policy coherence, the EUGS will have to acknowledge and encourage a series of adjustments to be made in EU development diplomacy and cooperation to contribute to the universal and transformative SDG agenda.

Latest ECDPM publications



Helly, D., Galeazzi, G. 2016. Culture in EU development policies and external action: Reframing the discussion. (ECDPM Briefing Note 92). Maastricht: ECDPM.

Culture permeates many pivotal political agendas. At European level, EU institutions are working towards a strategy on international cultural relations. At global level, the relation between culture and development is addressed in several Sustainable Development Goals' (SDGs) targets and in an increasing developed body of research.



African Union. 2015. The future of ACP-EU relations: What role for the African Union? - L'avenir des relations ACP-UE : quel rôle pour l'Union africaine ? The Bulletin of the Fridays of the Commission, Vol. 7, December 2015.

The Fridays of the Commission is a debate forum organised by the AUC Department of Economic Affairs that provides an opportunity to African Union (AU) staff members, invited participants from Member States, members of the international community, Diplomatic Corps, academics and students to discuss current social, political and economic matters concerning Africa. This forum for "give and take" is conceived as a response to the needs of the Commission, Member States, African and non-African diplomats to understand economic, political and social problems of our times.



Woolfrey, S., Knaepen, H. 2016. Promoting a maize-to-livestock feed value chain in the Indian Ocean Islands. (Briefing Note 91). Maastricht: ECDPM.

This briefing note examines the potential for developing a maize-to-livestock feed value chain in the Indian Ocean Islands (IOI) region of Eastern and Southern Africa (defined here as comprising the countries of Comoros, Madagascar, Mauritius and Seychelles and the French territory of Réunion) in order to promote agricultural transformation and food security in the region. In doing so, the note identifies a number of obstacles to the development of such a value chain in IOI, including the challenges faced by businesses seeking to invest in and process the relevant regional markets.



Herrero Cangas, A., Gregersen, C. 2016. Prospects for supporting regional integration effectively: An independent analysis of the European Union's approach to the 11th European Development Fund regional programming. (Discussion Paper 192). Maastricht: ECDPM.

This study follows on from and complements ECDPM's analysis of the 11th European Development Fund (EDF) national programming experience published in September 2015. The 11th EDF regional programmes are the European Union's (EU) main instruments for supporting regional integration in the Africa, Caribbean and Pacific (ACP) region. By reviewing the EU's regional programming process, this study sets out to reveal how the EU and its ACP partners approached the challenges of supporting regional integration.

Next issue of ***GREAT Insights***:
Business engagement
September/October 2016, Volume 5, Issue 5

To subscribe to *GREAT Insights* or other
ECDPM publications go to:
www.ecdpm.org/subscribe
To read previous issues of *GREAT Insights*,
go to www.ecdpm.org/GREAT